FBIS DAILY REPORT CONTENTS

Latin America

Vol VI No 053

19 March 1986

INTER-AMERICAN AFFAIRS

Regional Countries Form Agricultural Front [EFE] A 1
BCIE Governors Approve Law Allowing New Members A 1
[San Jose LA PRENSA LIBRE 10 Mar]

ARGENTINA

Government Investigates Nobistor Arms Cache B 1
Defense Ministry Communique B 2
U.S., Soviet Answers to Group of Six Under Study B 2
[TIEMPO ARGENTINO 15 Mar]
Foreign Trade Secretary Begins Talks With EEC B 3
Caputo Discusses Agenda B 3
Further Reportage on Alan Garcia Visit B 4
Debt Pact Sought With Mexico B 4
Garcia, CGT Discuss Debt B 4
Garcia Praises Che Guevara B 5
Shipping Agreement Reached With Cuba B 5
Polish Fishing Vessel Seized off Puerto Deseado B 5
Foreign Ministry Reorganization Outlined B 6
Government, CGT Positions on 25 Mar Strike Noted B 6
[BUENOS AIRES HERALD 11 Mar]

BOLIVIA

Congressmen Voice Opinions on IMF Agreement C 1

BRAZIL

'Displeasure' Expressed With Reagan Speech D 1
Abreu Sodre Scores U.S. Policy Toward Nicaragua D 1
[O GLOBO 18 Mar]
PCB, Chinese Communist Party Resume Relations D 1
10 March Decree Amends Economic Changes D 2
[FOLHA DE SAO PAULO 12 Mar]
Government Stockpiles Emergency Food Supply D 10

CHILE

Pinochet Comments on Donald Regan's Remarks E 1
Further Pinochet Response E 1
Foreign Ministry Replies to UN Rights Report E 1
EEC Urges Faster Democratization Process E 2
Pinochet Visit to 8th Region Sets Off Protests E 3
Further on Demonstrations E 3

PARAGUAY

Finance Ministry Reports on Foreign Debt H 1
[ULTIMA HORA 17 Mar]
Briefs: Telecommunications Agreement With Japan H 1

PERU

Garcia Returns From Argentina 16 March J 1
Centromin Workers End Strike, Return to Mines J 1
Sugar Industry Delegation Returns From Cuba J 1

URUGUAY

Iglesias Discusses Nicaraguan Border Problems K 1
Nicaraguan Deputy on U.S. Support to Contras K 1

VENEZUELA

Guatemalan President Arrives for Official Visit L 1
Proclaims Solidarity L 1
Meets With Lusinchi L 1
Views Reagan Contra Stand L 2

MEXICO

Energy Secretary Sets Oil Policy for OPEC Session M 1
Pemex Reports $10 Billion Surplus in 1985 M 1
De la Madrid Promotes New Export Program M 2
Hernandez Gives Details M 2
President Urges 'Internal Reform' of PRI M 3
[THE NEWS 12 Mar]

PANAMA

Reportage on Labor Code Change, Strike, Violence N 1
Plan To Suspend Rights Denied N 1
[LA ESTRELLA DE PANAMA 18 Mar]
President Approves Amendments N 1
Arnulfo Arias Urges Protest N 1
[LA PRENSA 18 Mar]
Bomb Defused; Others Explode N 1
[EL SIGLO 18 Mar]
Noriega, Conato Leaders Meet N 2
Conato Stages March N 2
Situation 'Normalizing' N 3
Cabrera: No Request Received for Marcos Asylum N 3
Chilean Attempts Hijacking, Faces Extradition N 3

CENTRAL AMERICA

COSTA RICA

Anti-Sandinists Arrested on Northern Border P 1

EL SALVADOR

Immigration To Require Rebel Safe-Conduct P 1
Security Minister on Talks With Guerrillas P 2
FMLN Stoppage Reportedly 'Worst Failure' P 3
[EL MUNDO 17 Mar]
FDR-FMLN Communique on Duarte Dialogue Stand P 3
[Venceremos]
FMLN Denies Connection to Captured Bus P 4
[Venceremos]

GUATEMALA

Habib, Cerezo Discuss Regional Situation P 5
[EL GRAFICO 14 Mar]
Costa Rican President-Elect Arrives on Visit P 6
Gen Gramajo Says Guerrillas Losing Ground P 6
[EL GRAFICO 16 Mar]
URNG Guerrillas on Recent Military Actions P 7
[Venceremos]

HONDURAS

'Concern' Voiced on Possible Contra Aid Cutoff P 7
Montoya Discusses Area Problems, Nicaragua P 8
Editorial Views Government's 'Hypocrisy' P 9
[TIEMPO 10 Mar]
Lopez on Resignation, Contras, U.S. Presence P 11
Army Seizes Bus With Hidden Weapons P 12
[EL HERALDO 17 Mar]

NICARAGUA

Ortega Criticizes U.S. Debate on Contra Aid P 13
Returns From Sweden P 13
Ramirez Criticizes U.S. 'Mercenary War' P 13
Assembly Approves Letter to U.S. Congress P 14
[BARRICADA 12 Mar]
Tunnerman Sends Letter to U.S. Legislators P 16
Denies Reagan 'Assertions' P 16
Christians Begin Protest Fast at U.S. Embassy P 16
Ambassador to Mexico on U.S. Aid to Contras P 17
Ambassador to Peru Thanks Garcia for Statements P 17
Ambassador to Colombia Denies Ties With M-19 P 17
Ambassador to Libya on Solidarity, Trade P 18
EPS Troops Move North To Face Contra Attack P 18
[AFP]
BOS To Ask for 2-Month Freeze in Contra Aid P 19
[ACAN]

CUBA

Nonaligned Press Agency Delegates Meet in Havana Q 1
Innovators, Efficiency Experts Working in Angola Q 1
Commentary Rejects Baker Plan Campaign Q 2
Havana To Observe Defense Day 23 March Q 2

DOMINICAN REPUBLIC

Central Bank Says Economy Contracted in 1984-85 R 1
[LISTIN DIARIO 6 Mar]
Imports Increase in 1985 R 2
[LISTIN DIARIO 5 Mar]

CARIBBEAN

BARBADOS

Government Reports Trade Deficits With Caricom S 1

DOMINICA

Diplomatic Relations Established With Peru S 1

GRENADA

Bill Restricts Travel By Former Leaders S 2

HAITI

Exiled Communist Leader Theodore Returns S 2

JAMAICA

Kingston Hosts Law of Sea Commission Meeting S 2

REGIONAL COUNTRIES FORM AGRICULTURAL FRONT

PA180014 Madrid EFE in Spanish 2135 GMT 16 Mar 86

[Text] Mexico City, 16 Mar (EFE) -- Mexico, Panama, the Dominican Republic, and the Central American countries formed here today a common front to protect and strengthen their economies. The participants in a meeting of the "International Regional Committee of Agricultural and Livestock Health" [Comite International Regional de Sanidad Agropecuaria -- CIRSA] have agreed that to carry out this they must fight and control pests and deseases of agriculture and livestock which are decimating the production of food in the region.

Representatives from Mexico, Guatemala, El Salvador, Honduras, Costa Rica, Nicaragua, Panama, and the Dominican Republic -- which joined CIRSA yesterday -- attended the meeting which ended today. The delegates stressed the need to coordinate actions and join resources to strengthen cooperation programs on plant and animal health that permit a substantial increase in the exportation of agricultural products. They also agreed that food production is one of the main priorities of the governments of these eight nations.

They highlighted the concern of meat exporting countries, because importing naticns are constantly changing their regulations regarding the discovery of toxic waste and contaminants in beef products. The meeting concluded that it was indispensable, due to the closeness of the CIRSA member-countries, to reinforce veterinary services at the regional level and increase the exchange of technical and scientific information to solve the problems posed by animal diseases.

BCIE GOVERNORS APPROVE LAW ALLOWING NEW MEMBERS

PA182239 San Jose LA PRENSA LIBRE in Spanish 10 Mar 86 p 4

[Text] The governors of the Central American Bank of Economic Integration (BCIE), at their regular meeting in San Jose, approved the statutes of the Central American Economic and Social Development Fund. This law establishes conditions for countries outside Central America and organizations outside the region to join the bank.

This document sets forth the conditions which countries wishing to join as members must meet before becoming part of this Central American financial institution. The manner and the amounts in which they must make their economic contributions are also outlined.

Mexico and Argentina have expressed a desire to join the countries that make up the BCIE, and other countries such as Spain will also join soon.

Economy and Commerce Minister Odalier Villalobos said that approval of the statutes of the Central American Economic and Social Development Fund is beneficial in that it would provide the BCIE with resources estimated at $2 billion, while at present it has only approximately $400 million in resources.

The Central American countries will have to contribute $1.002 billion, while the new members will contribute resources of some $908 million. However, in order to join the BCIE, the new members must deposit 25 percent in cash; that is, $245 million of the total $908 million.

The inclusion of new members is of great importance for Central America, because it allows the BCIE to resume its role as a financial entity in the region and will provide it with the foreign exchange that it currently lacks because of the Central American countries' trade problems.

GOVERNMENT INVESTIGATES NOBISTOR ARMS CACHE

PY182126 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1513 GMT 18 Mar 86

[Text] Buenos Aires, 18 Mar (NA) -- Reliable sources have reported that the Defense Ministry and the relevant organizations today started an investigation to establish whether the ship flying the Panamanian flag that was intercepted in Brazilian waters with a cargo of weapons allegedly purchased in Argentina sailed from the port of Buenos Aires after complying with the necessary laws. The Defense Ministry has asked for reports from the River Police, the National Customs Administration, and from the health and migration organizations.

Armando Luis Parini, a deputy prefect of the River Police, this morning visited the Defense Ministry to report on his organization's actions in the dispatch of the ship, the Norbistor, which presumably departed from the port of Buenos Aires on 1 March. According to reports from Rio de Janeiro, the cargo ship was intercepted on 15 March when it was illegally anchored 14 km from the coast, presumably owing to engine problems.

When the vessel was inspected, the police found two containers loaded with 6 tons of sophisticated weapons. All of them were manufactured in Argentina and included machine guns, automatic carbines, electronic war equipment, a large quantity of munitions and grenades, and combat uniforms. The crew, 10 Argentines and 8 U.S. citizens, stated that they were proceeding from Argentina, where they had purchased the weapons, to Ghana.

Reliable River Police sources have revealed to NOTICIAS ARGENTINAS that the investigation "is in the hands of the Defense Ministry," but they also admitted that the Panamanian ship had departed from the port of Buenos Aires. The sources indicated that the River Police's participation was limited to dispatching the cargo ship and that it is the customs personnel who inspect the holds and seal the containers.

Meanwhile, an authorized customs source has told NOTICIAS ARGENTINAS that the documentation pertaining to the inspection of the vessels that departed on the same day that the Nobistor departed is being exhaustively investigated. Moreover, the source indicated that the ship apparently did not operate in the port and, according to the reports from Rio de Janeiro, the ship is a small one. The source admitted that if irregularities are discovered, the appropriate court will be asked to take charge.

Sources linked to the weapons industry have indicated that it could be an "absolutely legal" operation carried out by military industries and that no information was handed out because it was a question of "military secrecy."

A report by the Italian news agency ANSA indicates that there are very reliable reports that the weapons were purchased legally in Argentina by an alleged representative of the Ghananian Government. The report also indicates that when the Ghananian Government learned that the cargo was really being taken to its enemies, it reportedly asked the Brazilian authorities to intercept the vessel. According to the news agency, the weapons were purchased from the Argentine military industries for $1 million and their destination was the port of Accra.

Defense Ministry Communique

PY190005 Buenos Aires TELAM in Spanish 2258 GMT 18 Mar 86

[Text] Buenos Aires, 18 Mar (TELAM) The Argentine Defense Ministry tonight confirmed that the Panamanian flag carrier that was intercepted in Brazil was carrying a cargo of Argentine-made arms. The Defense Ministry communique stated: In connection with the reports received from Brazil on the seizure of the Panamanian flag carrier Nobistor, the Argentine Defense Ministry has reviewed the documents on the sales of the light military materiel that was to be loaded on their freighter. Having done so, it is now able to confirm that the operation in question complied with the laws in effect. Furthermore, the Argentine customs and port authorities issued the appropriate permits under normal conditions. The communique concludes by stating that the Argentine Government is currently in contact with the Ghanaian and Brazilian Governments in order to clarify whatever situations may have arisen outside the jurisdiction of the Argentine Government.

U.S., SOVIET ANSWERS TO GROUP OF SIX UNDER STUDY

PY182156 Buenos Aires TIEMPO ARGENTINO in Spanish 15 Mar 86 p 5

[Text] The Foreign Ministry yesterday was studying the answers of the U.S. and Soviet Governments to the message sent to them some time ago by the Group of Six for Disarmament. Diplomatic sources have told TIEMPO ARGENTINO that Gorbachev's attitude "was received with much pleasure, although the same cannot be said for the Reagan administration's."

It must be recalled that Soviet leader Mikhail Gorbachev has declared that the unilateral Soviet moratorium on underground nuclear testing will continue until the United States conducts a test of this kind. Nonetheless, the White House has replied that it has no intention whatsoever of suspending its nuclear testing program. In his answer to the Group of Six message, Gorbachev affirmed that the USSR "will not carry out nuclear explosions after 31 March unless the United States conducts a nuclear explosion." The Soviet leader has accepted the Group of Six proposal to verify that it is obeying the prohibition to carry out nuclear experiments.

The Soviet Union has also rejected the U.S. argument that it is impossible to verify an agreement of this sort. Gorbachev believes that it is possible to determine whether the prohibition on nuclear explosions is being complied with by exchanging observers to make on-site inspections and through "national experts," which is the way the Soviet Government refers to radars, satellites, and other instruments of detection. These detection systems are not new. They were previously provided for in the nuclear test prohibition treaty agreed to by the United States and the Soviet Union 11 years ago.

Gorbachev stressed his disposition to exchange observers with the United States, "so they can go to the places where unclear phenomena take place." He also lauded the task that is being carried out by the Group of Six, whose initiatives, he said, are "in agreement with the interest in organizing a positive and constructive action between states and peoples."

For its part, the Reagan administration has reiterated its refusal to suspend nuclear tests in answer to the Kremlin announcement that the Soviet moratorium will continue. "Our position has not changed. Nuclear weapons in the foreseeable future will continue to be an important part of our deterrent force. It will be necessary for us and our allies to carry out tests in the near future," the White House stated.

FOREIGN TRADE SECRETARY BEGINS TALKS WITH EEC

PY182354 Buenos Aires TELAM in Spanish 1941 GMT 17 Mar 86

[Text] Buenos Aires, 17 Mar (TELAM) -- In Brussels today Industry and Foreign Trade Secretary Roberto Lavagna began talks with the representatives of the EEC. He will be discussing the restrictions that are hindering Argentine growth. In his talks with the European delegates, Lavagna stressed the need to discuss the protectionist EEC policy, which has affected not only the sale of raw materials but also the development of the companies that turn out goods and services to the detriment of Argentina's export policy.

Lavagna believes that the new round of GATT talks should result in concrete benefits for the developing countries and for the countries at the intermediate stage of development. The most ambitious objective that Lavagna hopes to achieve is for the agreement that he expects to reach with the EEC to be compatible with each EEC member.

Foreign Minister Dante Caputo, who on 16 March delayed his departure for 24 hours, will arrive in Brussels on 18 March.

After meeting with the European delegates, Lavagna rules out the possibility that the negotiations will yield immediate results. However, he stressed the fact that Argentina and the EEC have resumed negotiations. The industry and foreign trade secretary praised the relations between Argentina and one of the EEC members, pointing out that this must be the starting point for the negotiations on an agreement that should help promote bilateral ties.

Caputo Discusses Agenda

PY181740 Buenos Aires TELAM in Spanish 2155 GMT 17 Mar 86

[Text] Buenos Aires, 17 Mar (TELAM) -- Foreign Minister Dante Caputo said today that Great Britain will try to interfere with the agreements that Argentina might reach during its bilateral talks with the EEC. Caputo made this statement at Ezeiza International Airport at 1700, shortly before leaving for Brussels. He added that this is the first such political meeting to be held and that this type of gathering is not a frequent occurrence. Caputo noted that only two such meetings have ever taken place.

Caputo said that the agenda will include protectionism and subsidies, and that even though some technical matters may be discussed, the meeting will be political in nature. Asked whether he will ask that the protectionist measures be lifted, he replied that this has been a permanent request and that not much should be expected in this regard. Even though the EEC agrarian policy is closely tied to the interests of EEC members, we will put forward our demands, he said.

As for the EEC restrictions on Argentine products, Caputo said that we should take advantage of the commercial opportunities offered by the EEC, just as other countries are doing.

Asked whether he would travel to Contadora after his visit to Brussels, he replied that we are not sure yet, because the meeting was originally scheduled for the next weekend. We are awaiting confirmation, he added.

Concerning the arrest of Lopez Rega, Caputo said that he does not know which passport Lopez Rega used to enter the United States and that he has nothing to add on the subject, because the extradition procedure has been carried out in public. Concerning the seizure of a ship in Brazil carrying weapons from Argentina to Africa, the foreign minister said that we are aware of the event and we are conducting an investigation. There is no official news yet, but as soon as we know something we will inform the public, he concluded.

FURTHER REPORTAGE ON ALAN GARCIA VISIT

Debt Pact Sought With Mexico

FL171830 Mexico City NOTIMEX in Spanish 1730 GMT 16 Mar 86

[By Yasmin Ross]

[Excerpt] Buenos Aires, 16 Mar (NOTIMEX) -- Peruvian Foreign Minister Allan Wagner told NOTIMEX today that the Peruvian Government is interested in signing a reciprocal agreement with Mexico in case of difficulties with foreign creditors. Such an agreement was signed yesterday by Peruvian President Alan Garcia and Argentine President Raul Alfonsin.

The Peruvian foreign minister said his government wishes to make a similar agreement with Mexico, a country with undeniable political and economic influence in the region. He said that Alan Garcia's administration intends to invite Mexico and other Latin American countries to become involved in creating a Latin American monetary fund.

Garcia, CGT Discuss Debt

PY171955 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2253 GMT 15 Mar 86

[Text] Buenos Aires, 15 Mar (NA) -- Peruvian President Alan Garcia and high-ranking leaders of the Argentine General Confederation of Labor [CGT] today decided to organize a meeting of Latin American labor confederations in Lima or in Buenos Aires before June to adopt a common policy on the foreign debt, to be presented at the ILO Conference in Geneva, scheduled for June. The meeting was proposed by the CGT, and the Peruvian president agreed to it, emphasizing that it is necessary to create "a common front among Latin American peoples to face the problem of the foreign debt."

The news was released by union leaders who accompanied CGT Secretary General Saul Ubaldini during his meeting with Alan Garcia today at Garcia's hotel. The meeting lasted 45 minutes, 20 of which were spent in talks between Garcia and Ubaldinia alone. The leaders who accompanied Ubaldini were: Juan Zanola, Victor de Gennaro, Enrique Venturini, Manuael Diz Rey, Juan Palacios, Ruben Pereyra, Juan Farias, Domingo Solimano, Ramon Baldassini, Juan Reyes, Jose Pedrazza, Pedro Goyeneche, Jorge Moran, and Carlos Irrera. President Garcia was accompanied by Luis Negreiros, chairman of the Peruvian Chamber of Deputies, who is also the main Peruvian union leader.

The union leaders stated that the foreign debt issue can unite Latin American labor unions, favoring attempts to achieve an organizational unity.

The CGT leaders promised Garcia "the solidarity of the Argentine people toward the Peruvian people," and said that "all Latin American peoples should coordinate their action."

According to the union leaders -- the Peruvian president made no statements to the press -- Alan Garcia said that from abroad, Ubaldini is seen as "one of the most important leaders of social movements," to which the leaders replied that "Argentina sees Alan Garcia as the Latin American political leader for common action." Garcia praised the unity of the Argentine labor movement, and recognized its contribution to the reestablishment of democracy in the country, and its continuation. He also acknowledged the action of the teachers and state employees. Upon leaving, Ubaldini said he was happy with the outcome of the meeting because "the president spoke from the heart, and displayed a great social sensitivity."

Garcia Praises Che Guevara

PY172324 Madrid EFE in Spanish 1735 GMT 17 Mar 86

[Text] Buenos Aires, 17 Mar CEFE) -- Peruvian President Alan Garcia has vindicated the name of Argentine-Cuban guerrilla Ernesto "Che" Guevara, and said that he cannot be compared to "the murderous madness of the Shining Path terrorism." The Peruvian president referred to the guerrilla, who died in Bolivia in 1967, in a 16 March press conference with which he concluded his 3-day visit to Argentina and the cities of Buenos Aires, Cordoba, and Salta.

"We cannot compare the romantic glory of Ernesto Guevara and his activities during those years with this homicidal, madness, and murderous action of the childish Shining Path group," Garcia stated. He added: "I always remember that all during our childhood and afterwards, I have admired the romanticism of the guerrillas and insurrection movements in Latin America of that time, but they were quite different." He added that his government will continue fighting the Peruvian guerrilla group "within the provisions of the Constitution and the law, and we are trying to regain zones where the rebel groups are active through reconstruction projects and winning back the poor and unprotected people of my country."

SHIPPING AGREEMENT REACHED WITH CUBA

PY072331 Buenos Aires DYN in Spanish 1416 GMT 7 Mar 86

[Text] Buenos Aires, 7 Mar (DYN) -- It has been officially reported that the Argentine-Cuban talks on maritime shipping have ended successfully in this capital. The outcome of the negotiations held this week will be included in a document to be signed tonight at 1900 in the central offices of the Fluvial and Maritime Transport Under Secretariat. The Argentine delegation, which took part in the negotiations, was headed by Pedro A. Trucco, fluvial and maritime transport under secretary, while the Cuban delegation was headed by Cuban Transport Minister Jesus Perez Bencomo.

POLISH FISHING VESSEL SEIZED OFF PUERTO DESEADO

PY172010 Buenos Aires TELAM in Spanish 1805 GMT 17 Mar 86

[Text] Puerto Deseado (Santa Cruz), 17 Mar (TELAM) -- Sources in Puerto Deseado have reported that at 1240 today the Coast Guard from the Argentine Naval Prefecture "GC 28 Derbes" seized, after firiing six warning cannon shots, the Polish fishing boat Likosar, which was carrying 14 tons of processed squid.

The factory ship was seen some 200 miles from the Malvinas Islands, outside the exclusion zone. After being ordered to stop, it tried to escape.

For this reason six 40-mm cannon shots were fired, three to the stern and three to the bow. The Likosar, Register No 101, was seized at 48.52 degrees latitude south, 198 km east of Puerto Deseado. The Polish ship, with its crewmembers detained, is being brought to the Puerto Deseado Naval District, a 20-hour trip. It is being escorted by another Coast Guard vessel and a helicopter of that naval district. It is believed that a $1-million fine could be imposed on the ship's owners and its cargo could be confiscated.

FOREIGN MINISTRY REORGANIZATION OUTLINED

PY172040 Buenos Aires DYN in Spanish 1801 GMT 17 Mar 86

[Text] Buenos Aires, 17 Mar (DYN) -- In accordance with Decree No 376/M41, which was signed by President Raul Alfonsin on 13 March, the Foreign Ministry will undergo a major reorganization of its functional structure. The preamble of the decree, which was also signed by Foreign Minister Dante Caputo, Economy Minister Juan V. Sourrouille, and Finance Secretary Julio Brodersohn, states that "it is necessary to implement a new organization" for the Foreign Ministry "in accordance with the role that has been assigned to it" in the law governing the ministries. The decree also states that "it is necessary to give this ministry an organizational structure that will make it more efficient in achieving its specific objectives."

In the new structure, the following departments will now come under the Foreign Ministry: the International Relations and Worship Secretariat, headed by Ambassador Jorge Sabato; the International Economic Relations Under Secretariat, headed by Ambassador Jorge Romero; and five directorates: the National Directorate for Ceremonies, the General Directorate for the Inspection of Embassies and Consulates, the General Press Directorate, the Information Directorate, and the Communications Directorate (which was created). The ministry will also include: the Foreign Service Institute of the Nation (ISEN), the International Border Commission, and the National Commission of the River Plate Basin Treaty (this commission is chaired by Caputo himself). The General Directorate for the Inspection of Embassies and Consulates has been created within the framework of the ministry's new structure.

GOVERNMENT, CGT POSITIONS ON 25 MAR STRIKE NOTED

PY131745 Buenos Aires BUENOS AIRES HERALD in English 11 Mar 86 p 9

[Text] (NA-DYN) -- President Raul Alfonsin gave a belligerent tone to current government-labour relations by saying before his departure to Bariloche (see story below) "we know the film but this time it will end differently" in a reference to the general strike called for March 25. A CGT reply is expected today when the time of the day the 12-hour stoppage is to begin should also be announced. Meanwhile the two sides resumed contact after a fashion when Labour Minister Hugo Barrionuevo met civil servants' leader Miguel Candore yesterday afternoon for talks to avert the stoppage while another white-collar unionist, CGT press secretary Armando Cavalieri, said the confrontation helped nobody and expressed hopes "the film would have a happy ending."

Barrionuevo said the government was working "flat out" on a new package to offer the CGT, Candore said after the meeting. However a government spokesman revealed no change on earlier leaked proposals of a real wage growth of four percent this year but no compensation for lost purchasing power last year. Candore said the CGT has delayed the 12-hour strike until March 25 as their way of giving Barrionuevo the 15-day truce he had requested to come up with a new offer. The strike could be lifted if the offer was right, he said. Union sources also said CGT secretary-general Saul Ubaldini had included a 36-hour April strike in the CGT "battle plan" at the request of interior branch secretaries but against the wishes of the labour grouping's directive council.

Meanwhile there were conflicting reports as to whether the strike will be debated in Congress tomorrow with budget committee chairman Jesus Rodriguez telling Radio Continental it could be and Lower House majority leader Cesar Jaroslavsky (Radical-Entre Rios) saying he knew nothing about the matter. Rodriguez said the strike could be appended to the ongoing debate on the foreign debt since a moratorium was a CGT demand.

Jaroslavsky (together with Radical deputy Leopoldo Moreau) met Cavalieri yesterday as well as debating the strike on radio with Cordoba unionist Miguel Angel Correa. The Radical congressman claimed both real wages and industrial production were growing and that the right to strike did not extend to general strikes. Jaroslavsky also suggested that CGT normalization was essential in order to end the jockeying he considers to lie behind strike decision.

On his return from Bariloche (where Rio Negro Governor Osvaldo Alvarez Guerrero also criticized the strike) Alfonsin also said he knew nothing about the debate although he added "we should join together to confront the crisis rather than argue." He said the government was "socially sensitive" and aware that labour wage demands were "just," adding that solutions for the poorest sectors would be found. Peronist Deputy Roberto Digon echoed Alfonsin's statements, saying "a national unity project" would be a more fitting subject for debate. He also said the working class was sacrificing up to eight billion (thousand million) dollars a year for the benefit of speculators and the International Monetary Fund (IMF).

In other reactions to the strike, Health Minister Aldo Neri said he was "surprised" at the stoppage under a democratic government, which he called an "extreme abuse," while the Authentic Socialists endorsed the move as "a legitimate and constitutional right in defence of wages and full employment." But Neri hailed the apparent resumption of dialogue.

Teachers were at the forefront of other labour news with the CTERA union confirming they would strike for 24 hours on March 25 in order to press for a 25 percent increase for all teachers while the Buenos Aires provincial government proposed a 14 percent hike in teachers' pay and pensions, taking the starting salary up to 119 australs. Nevertheless, schools started as scheduled in Salta.

Both the UOM metal workers' union and the UOCRA building workers' union are poised to begin "battle plans" today. In other labour developments, the Association of Federal Capital Clinics and Hospitals called a strike for March 13-14 to press for a 60 percent increase in fees. Only emergency cases will be treated. Fuel suppliers are reportedly on the verge of a lockout. "Domecq Garcia" submarine workers will be demonstrating outside the defence ministry to press for a 100 austral hike, as well as striking for three or four hours. Finally, workers at the DEMA metal worker in Moron decided to strike after 120 colleagues were fired.

CONGRESSMEN VOICE OPINIONS ON IMF AGREEMENT

PY181856 La Paz Cadena Panamericana in Spanish 1130 GMT 18 Mar 86

[Text] After the signing of an agreement with the IMF, some political parties voiced their opinion about this government decision. Panamericana asked some senators and deputies their opinions on the issue. Senator Daniel Cabezas, of the Movement of the Revolutionary Left, said the following:

[Begin recording] What will happen now is that we will continue to obey the orders of the IMF, as intended by the current ruling party. But I understand that there can be three ways to face the problem. On the one hand, the government would like to make lawful commitments with the IMF regarding the tax reform and especially the budget because they must be submitted to congress. I believe that all the IMF is trying to do is interpret the laws of our country, but at the same time, there is something else the IMF is trying to protect and we know very well what it is: the economic policy and the economic interests of the Western Hemisphere. [end recording]

Meanwhile, Deputy Benjamin Miguel of the Christian Democratic Party said that the government should have consulted the legislative branch before signing this agreement with the IMF. This is what he said:

[Begin recording] Well, first of all I think that the country's grass roots should have been consulted before reaching a definite agreement, because, whatever decision the legislative branch makes, the population will have to make a great social sacrifice, due to Bolivia's serious economic crisis. This can be well observed in the teachers' sector. Because this agreement has been signed, money can no longer be printed indiscriminately, and salaries cannot be increased. Taking into consideration the current cost of living, it is impossible for the wage earners -- white collar or blue collar -- to subsist. [end recording]

Concluding, Deputy Jose Luis Gutierrez, of Bolivian Socialist Falange, voiced the opinion of his party as follows:

[Begin recording] What seems important to us is that an agreement could be signed with the IMF. However, we are concerned about the fact that this agreement is subordinating a number of important issues, such as our budget. It also concerns us to think that sectors that are important to the nation might be sacrificed to fully meet the restrictive policies that the IMF -- which in our opinion is an instrument of colonialism throughout the world, particularly in Bolivia -- wants to impose on our country's economy. [end recording]

'DISPLEASURE' EXPRESSED WITH REAGAN SPEECH

PY181418 Madrid EFE in Spanish 1234 GMT 18 Mar 86

[Excerpt] Brasilia, 18 Mar (EFE) -- Official sources today reported that the Brazilian Foreign Ministry expressed its displeasure to the U.S. Charge d'Affaires over Ronald Reagan's statement that Nicaragua is training guerrillas to destabilize Brazil. U.S. Charge d'Affaires Alexander Watson was summoned on the evening of 17 March by acting Foreign Minister Paulo Tarso Flecha de Lima, who asked for explanations about the statement made by President Reagan in his 16 March address to the nation. The Brazilian Government has thus expressed its displeasure with the United States for the second time in a week, according to official sources.

"There are no Brazilian guerrillas with the intention of attacking democratic security and stability," a high-ranking Foreign Ministry official told EFE. "We have had no guerrilla actions in Brazil since the Sandinist triumph in 1979," he added. The meeting between Tarso Flecha de Lima and Watson lasted only 5 minutes, and when leaving the U.S. diplomat admitted that Reagan's statement "deserves an explanation" but ruled out the possibility that the episode would lead to an incident. "Incident is a very strong word," Watson said. High-ranking officials of the Brazilian Foreign Ministry yesterday analyzed carefully the contents of Reagan's speech delivered last Sunday which was an appeal in favor of a project to aid the Nicaraguan contras with $100 million.

ABREU SODRE SCORES U.S. POLICY TOWARD NICARAGUA

PY190057 Rio de Janeiro O GLOBO in Portuguese 18 Mar 86 p 9

[Text] Porto Alegre -- "The radical U.S. position is severely damaging the quest for a peaceful solution to the Nicaraguan conflict that Brazil, which supports the Contadora Group, wants." Foreign Minister Abreu Sodre made this remark yesterday during his short stopover in the capital of Rio Grande do Sul State. The minister added that Brazil will not participate in the peace-keeping force that is being assembled to oversee the border between Costa Rica and Nicaragua, where the counterrevolutionaries are operating, but it will attend the meeting scheduled for 23 March during which the Contadora Groupwill discuss this issue. Abreu Sodre went on to say that he will travel to Saudi Arabia next month and will take advantage of this trip to further the rapprochement with the African nations, especially Angola and Nigeria. He will visit these countries "in search of balancing trade between the African countries and Brazil."

PCB, CHINESE COMMUNIST PARTY RESUME RELATIONS

PY182332 Rio de Janiero O GLOBO in Portuguese 17 Mar 86 p 3

[Text] Sao Paulo -- Relations between the Brazilian Communist Party and the PRC Communist Party [CPC] have been virtually resumed after a 24-year break. Regis Frati and Sergio Moraes, members of the PCB National Directorate, returned from Beijing last Saturday. They had gone there at the invitation of the CPC to initiate talks aimed at normalizing relations. Next May Giocondo Dias, PCB national president, will head a delegation that will be received by the leadership of the PRC Communist Party.

Frati yesterday said that the rapprochement between the two parties has been prompted by the renewed understanding between the Soviet Union and the PRC, adding that "it is a sign of greater unity in the international communist movement." The two PCB representatives were received by Qiao Shi, member of the Politburo and the Secretariat of the CPC, on 4 March. They also visited with the Brazilian ambassador to the PRC, Italo Zappa.

10 MARCH DECREE AMENDS ECONOMIC CHANGES

PY172103 Sao Paulo FOLHA DE SAO PAULO in Portuguese 12 Mar 86 p 13

[Text of Decree-Law 2284, issued on 10 March 1986 amending and superseding Decree-Law 2283 of 28 February 86]

[Text] The president of the republic, using the powers bestowed on him by Article 55, Section 1 and 2 of the Federal Constitution, and

Considering that Decree-Law 2238 of 28 February 1986 was published with some mistakes;

Considering the Brazilian people's unanimous support for the anti-inflation monetary plan, they have been a source of suggestions to improve the measures;

Considering that all corrections and improvements must be incorporated into a single text to ensure the continuing validity of the nonamended and herewith repeated regulations;

Preliminary Resolutions

Article 1. The Brazilian monetary unit will henceforth be called the cruzado, and the centavo is hereby to refer to the 100th part of the new money.

Paragraph 1. The cruzeiro corresponds to 0.001 of the cruzado.

Paragraph 2. The sums of money will be preceded by the symbol cz$.

Article 2. The Central Bank of Brazil is to provide for the restamping and acquisition of cruzeiro bills and coins, as well as printing new bills and issuing new coins in cruzados, in the amount necessary to replace the cruzeiros in circulation.

Paragraph 1. The bills and coins issued in cruzeiros will circulate concurrently with the cruzado, and their value will be 1,000 cruzeiros per cruzado.

Paragraph 2. In 12 months, beginning with the implementation of this decree-law, the cruzeiros will lose their tender value and will no longer have any legal value.

Paragraph 3. The 12-month period established in the previous paragraph can be extended by the National Monetary Council.

Article 3. Accounting documents, such as checks, securities, bonds, invoices, contracts, and all transactions that can be stipulated in national currency, safeguarding the provisions in Article 34, will be written in cruzados as of 28 February 1986.

Paragraph. The executive branch, through the regulations established by the appropriate agencies, may request any corporation to provide an unscheduled financial and accounting balance sheet showing its status on 28 February 1986 in order to adapt the corresponding entries to the regulations of this decree-law.

Article 4. The cash deposits of financial institutions, the balance of accounts of the Service Time Surety Fund, and the PIS-PASEP [Social Integration Program Civil Servants Welfare Fund], current accounts, all overdue obligations, including salaries, as well as all the monetary obligations imposed under the penal law will be converted to cruzados on 28 February 1986 according to what is established in Paragraph 1, Article 1.

Paragraph. The conversion to cruzados, as determined in this article, of the balance of savings accounts, as well as the balance of the service Time Surety Fund and of the PIS-PASEP, must be preceded by a pro rata application of the monetary correction and interest rates as per legislation valid on 27 February 1986.

Article 5. The variations of the general price level will be measured by the Consumer Price Index [IPC] expressed in cruzados. The Brazilian Institute of Geography and Statistics Foundation will be charged with this task, using the same method now applied to the evaluation of the national consumers price index.

Article 6. The National Treasury Readjustable Bond, ORTN, instituted by Law 4357 of 16 July 1964, will henceforth be called National Treasury Bond, OTN, and its value is set at 106.40 cruzados. This value will not be altered until 1 March 1987.

Paragraph. On 1 March 1987 the OTN will be readjusted, upwards or downwards, by the percent variation of the IPC over the preceding 12-month period. Future readjustments will be made periodically as established by the National Monetary Council.

Article 7. As of the implementation of this decree-law, the clause providing for monetary readjustment in contracts with terms of less than 1 year will no longer be applied, at the risk of invalidating the contract. Contracts of terms longer than 12 months may contain a readjustment clause provided it is based on OTN in cruzados.

On the Question of Obligations

Article 8. Payment obligations expressed in cruzeiros, whether or not they are subject to a pre-established monetary-correction clause, contracted prior to 28 February 1986 will be converted into cruzados on the date they fall due by dividing the amount in cruzeiros by the conversion factor given in Article 1, Paragraph 1.

Paragraph 1. The conversion factor will be applied on a daily basis by multiplying the initial parity (1,000 cruzeiros/1 cruzado) cumulatively times 1.0045 for each day as of 3 March 1986.

Paragraph 2. The interest rates on contracts involving obligations referred to in this article, should apply to their value in cruzeiros prior to their conversion into cruzados.

Article 9. Monetary obligations contracted prior to 28 February 1986, expressed in cruzeiros and containing a monetary correction clause, will on that date be proportionally readjusted on the contractual basis and then converted into cruzados according to Article 1, Paragraph 1.

Article 10. Obligations related to residential rents, installments on the Housing Financial System, and monthly school tuition are to be converted into cruzados on 1 March 1986, on the basis of their respective average real values as stated in Annex I.

Paragraph 1. Under no circumstance will installments on the Housing Financial System be higher than the salary equivalance for the mortgagee's professional category.

Paragraph 2. On the financing contracts of the Housing Financial System valid for more than 12 months, the lender will be able to collect as of 1 March 1986 the cumulative variation of the IPC in the case of amortization or liquidation, in advance.

Paragraph 3. Residential rents, converted into cruzados according to provisions made in this article, will remain unchanged until 28 February 1987.

Regarding the Capital Market:

Article 11. The National Monetary Council [CMN], exercising powers given to it by Law 4595 of 31 December 1964, will establish regulations aimed at adapting the capital market to what has been established through this decree-law.

Article 12: As of today, only the balance of the savings passbooks and the balances of the Service Time Surety Fund, and the PIS-PASEP Funds will be adjusted according to the IPC, as per Article 5 of this decree-law, at time periods to be established by the National Monetary Council.

Article 13: The Central Bank of Brazil will establish the minimum term for time deposits in financial institutions and authorize them to receive time deposits from other institutions, whether they are controlled by the same shareholder or belong to the same conglomerate.

Article 14. The following amendments are made to Law 4595 of 31 December 1964:

1. Add Clause 32 to Article 4: To regulate time deposits between financial institutions, whether they are controlled by the same shareholders or belong to the same conglomerate.

2. Item III of Article 1 will henceforth read as follows:

III. Receive demand deposits from institutions referred to in item III of Article 10 of this law, carrying the respective accounts.

3. Clause 3 of Article 19 henceforth reads: Receive demand deposits from institutions referred to in Clause 3, Article 10 of this law, carrying the respective accounts.

Article 15. Article 4 of Decree-Law 1454 of 7 April 1976 will now be in effect with the following changes:

Article 4: The Central Bank of Brazil will establish the minimum periods to be observed by the financial institutions authorized to receive time deposits, to issue bills of exchange, and to accept bills of exchange.

Article 16: Article 17 and Paragraph 2 of Article 43 of Law 7450 of 23 December 1985 will henceforth read:

Article 17: Corporations whose real or estimated profits in the 1985 financial exercise have been equal or higher than 40,000 OTNs--Article 2 of Decree-Law 1977 of 23 November 1982 -- will be taxed on the basis of the real or estimated profits, verified every June and December, unless they demonstrate that they have observed the price policy implemented by the authorized organs of the Finance Ministry. Article 43, Paragraph 2: To exclude real profits and discounts granted on the first sale of securities and obligations that serve as basis for calculations stipulated in Article 7 of Decree-law 1641 of 7 December 1978, of Articles 39 and 40 of the same law.

Regarding Salaries, Funds, Pensions, and Fees:

Article 17. Beginning 1 March 1986, the minimum salary is set at 800 cruzados, including the supplementary bonus mentioned in this decree-law, and its readjustment will again be made on an annual basis as of 1 March 1987, preserving the right granted through Paragraph 1 of Article 21.

Article 18. The earnings of civil servants and retirees' pensions will be converted into cruzados on 1 March 1986 in accordance with Article 19 and its single paragraph.

Article 19. As of today all salaries and wages are converted into cruzados by taking the average value of the real income during the past 6 months and applying to it the formula contained in Annex 2, using the conversion factors table in Annex 3.

Paragraph: An 8-percent bonus on the real salary in cruzados will be granted.

Article 20. Salaries, pensions, and remunerations in general will henceforth be annually readjusted by the IPC, maintaining their base-date, regardless of extraordinary readjustments instituted in the next article.

Paragraph. On the base-date, salary readjustments will be obligatory up to 60 percent of the accumulated IPC variation, allowing negotiations for the remainder 40 percent.

Article 21. Salaries, pensions, and remunerations will be automatically readjusted by the accumulated IPC variation, whenever it reaches 20 percent, as of the date of the first negotiations, collective bargaining, or based-date for readjustment. The automatic readjustments will be considered as salary advances.

Article 22. The collective bargaining system is broad, setting no ceilings, and therefore, the value of salaries can be freely negotiated.

Article 23. Enterprises will not be allowed, without previous authorization by the Interministerial Price Council, to pass on, as increases in the prices of their goods or services, the readjustments referred to in Articles 20 and 22, under pain of:

I. Temporary suspension of loans or financings by official financial institutions.

II. Review of fiscal incentives granted or special tax treatments.

Article 24. Collective bargaining will not be allowed to contain clauses providing for compensatory salary readjustments, under pain of being invalidated.

Paragraph: The courts are to enforce this rule, adopting measures and bringing action against violations of this rule.

Regarding Unemployment Insurance:

Article 25. Unemployment insurance is hereby established with the purpose of granting temporary financial assistance to the unemployment worker who was dismissed for unjustified reasons or the total or partial paralyzation of the employer's activities.

Article 26. Workers under Article 3 of the CLT [Consolidated Labor Laws] that fulfill the following requisites will have a right to benefit from this measure:

1. Those who have contributed to the social security system for at least 36 months during the past 4 years;

2. Those who can legally prove that they have been salary earners working for public or private corporations during the past 6 months, by showing their registration with the Labor and Social Security Ministry.

3. Those who have been dismissed from their jobs for more than 30 days.

Article 27. This unemployment insurance will be granted for a maximum period of 4 months to the unemployed workers who has no other means of income to maintain himself and his family or does not receive benefits from the social security system or any other type of unemployment aid.

Paragraph 1. This unemployment insurance will be cancelled if the unemployed worker refuses to take another job.

Paragraph 2. A worker will qualify for this benefit for a period of 4 months every 18 months, counted either in a continuous or alternate manner.

Article 28. The value of the unemployment insurance the worker will receive will be: 1) 50 percent of salary for those who earned up to 3 minimum salaries per month; and 2) 150 percent minimum salary for those who earned more than 3 minimum salaries per month.

Paragraph 1. The average salary value for the past 3 months will be considered to determine the value of the insurance.

Paragraph 2. In any case, the value of the insurance cannot be less than 70 percent of the monthy minimum salary.

Article 29. The funds for unemployment insurance will be provided for by the Assistance Fund for Unemployed Workers, which is provided for in Article No 4 of Law 6181 of 11 December 1974.

Paragraph: During the 1986 fiscal year, this benefit will be financed by the resources from supplementary credits obtained from either surplus tax collections, or the partial or total cancellation of budgeted funds or additional credits authorized by law.

Article 30. Thirty days after this decree-law is published, the executive branch will establish, under the jurisdiction of the Labor Ministry, a commission formed by representatives of the government, employers and employees, that will formulate proposals to help in the writing of a law providing for the financing of the unemployment insurance as of 1 January 1987. Financing will be attained through combining contributions from the federal government, employers and workers. Other sources will also be considered;

Article 31. The provisions regarding unemployment insurance will produce financial effects on the date, when its regulations are completed within a period of 60 days after the publication of the present decree-law.

Article 32. The provisions regarding the unemployment insurance are to be applied to the worker who is unemployed after the regulation referred to in the previous article is promulgated.

Regarding General Provisions:

Article 33. Debts resulting from court decisions and credits established in compositions or bankruptcies or in out of court settlements prior to the date of this decree-law are to be updated, for their respective values in cruzeiros, in accordance with legislation applicable in each case, and converted to cruzados on this date at the legal rate of conversion, without affecting the interest rates and the subsequent readjustments by the OTN in cruzados.

Article 34. Public budgets using cruzeiros will be converted to cruzados only after calculating the respective deflation on the balance of expenditures and revenues in order to adjust those balances to the stability of the new currency.

Article 35. All prices to remain frozen at the levels of 27 February 1986.

Paragraph 1. The conversion to cruzados of the articles referred to in this article will be done according to the calculations established in Paragraph 1 of Article 1, strictly based on the cash prices of that day and not, under any circumstances, based on the added prices or installments.

Paragraph 2. The price freeze instituted by this article which, in all circumstances is equal to the official price list, may be suspended or reviewed, totally or partially, by order of the executive branch, in keeping with the stability of the new currency or of a particular circumstance.

Article 36. The Special Secretariat for Supplies and Prices (SEAP), the Interministerial Prices Council (CIP), the National Supplies Superintendency, (SUNAB), the agencies of the Finance Ministry, the Consumers' Defense Council, the Federal Police, and the agencies of the Justice Ministry and the Labor Ministry will oversee the stability of all prices, whether they are included in the official system of control.

Article 37. The Justice Ministry and the Finance Ministry are authorized to immediately conclude agreements with the governments of the states, municipalities, and federal districts to ensure the strict compliance with this decree-law and to protect the consumers, providing for the punishment of violators and speculators.

Article 38. Any private citizen or public servant can report to the pertinent authorities any violation of the price freeze or any case of hoarding of products for speculative purposes, anywhere in the national territory.

Regarding Temporary Provisions:

Article 39. The state ministers will submit to SUNAB the names of their subordinates who will participate in the activities of supervision provided for in this decree-law and in Decree 92433 of 3 March 1986.

Paragraph 1. The federal government will sign agreements with the states, the Federal District, territories, and municipalities for the execution of activities mentioned in this article.

Paragraph 2. The functionaries of ministries that are designated to perform the activities mentioned in this article will be empowered to bring charges against violators, to notify them of the charges, and to carry out other actions related to supervision.

Paragraph 3. The charges, notifications, and actions taken by the agents of supervision, including those designated under provision of this article, will be prosecuted and judged by the appropriate office of the SUNAB, which will be charged with coordinating and supervising all supervision activities.

Article 49. In the first month of circulation of the new currency, and taking into account the need to transform previous indexes into new ones corresponding to the stability of the cruzado, the Brazilian Institute Foundation of Geography and Statistics is authorized to proceed to the conversion of data calculated in cruzeiros so as to permit the measurement of the real price level by the consumers price index instituted by this decree-law, complying with instructions to be imparted by the Planning Ministry.

Article 41. The payment of taxes that have been generated by operations prior to the date on which this decree-law goes into effect will be made according to the rate of conversion established in Paragraph 1, Article 1.

Paragraph 1. Income tax declarations for this fiscal year, referent to 1985 as base-year will be filed under the previous system, according to applicable legislation, and then converting the final sum to cruzados at the rate of 1,000 cruzeiros per cruzado.

Paragraph 2. The corporations whose business year in 1986 do not coincide with the calendar year will make their respective declarations according to instructions to be released by the Finance Ministry.

Article 42. The installments of the housing financing system that will fall due in March 1986 will be converted by the legal cruzeiro/cruzado parity established in Article 1, Paragraph 1, not by the conversion system described in Article 11.

Regarding Final Considerations

Article 43. The president will issue the regulations for this decree-law within 30 days, except the regulation mentioned in Article 31.

Article 44. This decree-law becomes effective on the date of its publication, revoking Article 47 of Law 7450, decree-law 2283 of 28 February 1986, and all provisions to the contrary.

Brasilia, 10 March 1986, 165th year of the independence and 95th of the Republic.

Jose Sarney.

Annex 1 (Article 11)

Calculation of rentals in cruzados for contracts in force on 28 February 1986:

1. The value of the last rent paid in cruzeiros will be multiplied by the updating factor corresponding to the month of the last rent readjustment or, in the case of contracts concluded after February 1985, by the updating factor corresponding to the month the contract was signed. The resulting value will be multiplied by the factor 0.7307 (contracts with semestral readjustment clause) or by the factor 0.5266 (for contracts with annual readjustment clause). The average real rent in cruzeiros thus obtained will be converted in cruzados by the conversion parity established in Article 1, Paragraph 1, of Decree-law 2283.

2. Regarding installments of the housing financial system, their value will be determined by multiplying their value in cruzeiros, taking into account the 6 months prior to March 1986, times the corresponding updating factors listed in Annex III. The values resulting from these multiplications will be added and the total divided by 6. The value of this arithmetic mean will be converted into cruzados as per Article 1, Paragraph 1.

3. As for monthly school tuitions, the calculation average value will result from the application of coefficients to be established by a regulation to be issued by the executive branch, and then converted into cruzados as per Article 1, Paragraph 1.

Annex II

Calculation of salaries in cruzados on contracts in force in September 1985.

The average real salary -- including advances, bonuses or other benefits, but excluding the 13th monthly salary and other additional salaries -- in individual labor contracts in force in September 1985 will be calculated by multiplying their value in cruzeiros, taking into account the 6 months prior to March 1986, by the updating factor included in the Table in Annex III corresponding to each of those months. The values resulting from these multiplications will be added and the total divided by 6. The values of this arithmetic mean will be converted into cruzados as per Article 1, Paragraph 1.

The employees whose employers classify them by careers and the public servants regardless of the date of their employment will have their salaries converted by the same forumla, taking into account the salaries of the 6 months prior to March 1986 earned by employees who hold identical posts or perform identical functions.

Calculation of Salaries on Contracts Signed After September 1985

For the calculation of average real salary -- including advances, bonuses, or similar benefits, but excluding the 13th monthly salary and other additional salaries -- in individual labor contracts signed after September 1985, the value in February 1986 will be multiplied by the updating factor listed in the Annex III Table corresponding to the initial month of the contracts. The value thus updated will be multiplied by a variable factor to be established in the regulation of this decree-law, in proportion with the salary variation in contracts in force in September 1985, for those holding equivalent positions or performing equivalent functions. This corrected value will be finally converted into cruzados by the cruzeiros-cruzado parity of 1,000 to 1 stated in Article 1, Paragraph 1.

Table, Annex III (Articles 11 and 21) updating factors.

1985	March	3.1492
1985	April	2.8945
1985	May	2.7112
1985	June	3.5171
1985	July	2.3036
1985	August	2.0549
1985	September	1.8351
1985	October	1.1743
1985	November	1.5064
1985	December	1.3292
1986	January	1.1430
1986	February	1.0000

GOVERNMENT STOCKPILES EMERGENCY FOOD SUPPLY

PY180209 Brasilia Domestic Service in Portuguese 2200 GMT 17 Mar 86

[Excerpt] From now on, and throughout the year, the government will maintain a stock of basic foodstuffs sufficient to meet the needs of the entire citizenry for a period of 30 days. This decision was approved today during the meeting held by the National Superintendency of Supplies. The purpose of this measure is to safeguard the country from possible climatic problems. The stock will be ready in 60 days time and will consist of 500,000 tons of rice; 1,2 million tons of corn; 300,000 tons of beef; 120,000 tons of soybean oil; 100,000 tons of cotton; and 10,000 tons of milk.

PINOCHET COMMENTS ON DONALD REGAN'S REMARKS

PY182026 Santiago Radio Chilena in Spanish 1700 GMT 18 Mar 86

[Text] Asked about the statement by U.S. spokesman [as heard] Donald Regan that for the time being the United States does not want the Chilean regime to be overthrown, General Augusto Pinochet today stated in Concepcion that the Chilean people are different from the U.S. people. Speaking in Concepcion, the chief of state said that Chile is being governed by a political constitution that was approved by the people in 1980. The head of state stressed, however, that the United States is governed by a constitution imposed in 1787.

General Pinochet was approached by the press after opening the Enacar [National Coal Enterprise] management offices in Concepcion. Pinochet said that the only comment I can make is that we are different from the Americans and this must be understood. Pinochet added that we are Latins and they are Anglo-Saxons. We are governed by Roman laws and they are governed by the Magna Carta. The chief of state explained that we depended on the Spanish king and they were a colony. Therefore, there is a big difference. On the other hand, there is something they, too, must understand: Our current Constitution was approved by the people while their Constitution was imposed in 1787.

Further Pinochet Response

PY190030 Santiago Domestic Service in Spanish 2300 GMT 18 Mar 86

[Monitored in Progress[

[Excerpt] ... no one has to tell us the way. The chief of state stated in Curanilahue that Chile has a way to follow a way that we, ourselves, have chosen, and this way is nonegotiable an unwavering.

Journalist Rosa Sanchez, our special envoy assigned to cover the presidential tour, will now give us details on the comments the head of state made during his visit to the 8th Region.

[Begin Sanchez relay] The president of the Republic today emphasized that no one has to tell the Chileans the way because that way is nonnegotiable and was chosen by the people. This statement was made by the chief of state while speaking to representatives from small- and medium-size enterprises in Curanilahue, where he arrived, along with five ministers, on the third day of his tour through the 8th Region. The head of state added that Chile has a way that we ourselves chose. They way is nonnegotiable and unwavering, he said.

President Pinochet added: The Chilean people chose this way, and no foreigner, no matter how powerful, can come and impose his will on us because the Chilean people are sovereign. Moving on, the head of state said that over the past few days a draft resolution accusing Chile of human rights violations was drafted and asked himself who are the people that raised this matter. Nothing less than some politicians who went abroad to beg, he said. [end relay]

FOREIGN MINISTRY REPLIES TO UN RIGHTS REPORT

PY190323 Paris AFP in Spanish 0248 GMT 19 Mar 86

[Text] Santiago, 18 Mar (AFP) -- The Chilean military government today reiterated its firm and constant desire to safeguard respect for human rights and lashed out against the recent resolution adopted by the United Nations in Geneva on this issue.

In a communique, the Foreign Ministry stated that General Augusto Pinochet's regime is studying and assessing the critical report submitted by UN special observer Fernando Volio Jimenez that was approved without vote during the 42d UN ordinary session. The decision adopted in Geneva, which was sponsored by the United States, mentions political crimes, kidnappings, cases of torture, and the presence of private groups linked to the security services.

The Foreign Ministry regretted the fact that the UN Human Rights Commission proceeded to approve the report without taking into account the provisional nature of the report and fact that the government's answer was still pending. This has unjustly prevented the country from defending itself, thus undermining the seriousness and fairness of the whole procedure.

The communique states that it is unacceptable that, in the name of human rights, political aspects that exclusively are issues of national sovereignty, in which no person, institution or foreign organization, no matter its nature of rank, can interfere, are trespassed. The note added that several of the propositions included in the resolution are not universally recognized and are not even respected by many states that approved it. In addition, the Foreign Ministry in Santiago emphasized that any meddling that is likely to affect the national dignity will never be accepted.

The communique also criticized the political bias given to the report, both in Chile and abroad, through a preconceived publicity campaign organized with indescribable goals. The Foreign Ministry's note charged that well-known Chilean opposition members shamelessly participated in drawing up and negotiating the draft of the approved resolution. The communique said that it is also inexplicable that the resolution does not include any condemnation of the terrorism that is now affecting Chile, as is happening in many other countries of the world.

The Chilean Government reasserted its willingness to continue cooperating with the international organization, provided its defenseless position and the discriminatory to which it is being subjected are duly overcome. The communique concluded by stating that the Chilean Government will present its observations and the respective background information with the goal of replying to the report of the UN special observer. It said that these observations and background information are to be considered in his final report to the social economic council, to the UN General Assembly, and to the Human Rights Commission.

EEC URGES FASTER DEMOCRATIZATION PROCESS

PY182242 Santiago Radio Chilena in Spanish 1700 GMT 18 Mar 86

[Relay from the Foreign Ministry by reporter Jose Francisco Contreras]

[Excerpt] Good afternoon. The EEC countries have called upon the Chilean authorities to speed up the democratization process. This statement was made in a press communique released today in the Netherlands and disseminated in Santiago through the Royal Netherlands Embassy.

The communique states that the Chilean Government's position rejecting the opposition, recently expressed through court actions violating the principle of the freedom of the press, is not leading toward a national reconciliation. The European countries then state that the EEC countries are seriously concerned about these recent developments and urge the Chilean Government to find a way to speed up the democratization process so that the clearly visible aspirations of the Chilean democratic sectors can be met. This was the text of the EEC communique on the political situation in Chile.

PINOCHET VISIT TO 8TH REGION SETS OFF PROTESTS

PY190137 Santiago Radio Chilena in Spanish 2300 GMT 18 Mar 86

[Text] General Augusto Pinochet, who today spent a few hours visiting the Concepcion area, was received in Concepcion and neighboring areas with disturbances provoked by clashes between demonstrators and the police forces. The Vicariate of Solidarity of the Concepcion Archbishopric has reported to the "Primera Plana" program that a dozen people were arrested.

In Concepcion and Lota, the police were forced to repress the demonstrators by using tear gas canisters and water cannons. As we just mentioned, the Concepcion Vicariate of Solidarity has given some details on what happened today in the area. Let us listen to their report.

[Begin relay by unidentified reporter] In our department, we have learned that three people were arrested here in Concepcion; namely, Humberto Toro, Humberto Fernandez, and Patricio Garrido. This reportedly is the list of detainees. This action occurred at about 1300 during incidents in downtown Concepcion. The many Carabineros dispersed the demonstrators violently. We have also learned that five persons were arrested in Lota when the presidential motorcade arrived there. [end relay]

This was a report by the Concepcion Vicariate of Solidarity.

Further on Demonstrations

PY190204 Santiago Radio Chilena in Spanish 2300 GMT 18 Mar 86

[Relay from Talcahuano by the Radio Talcahuano Press Department]

[Excerpt] Tear gas canisters in downtown Concepcion and arrested women in Lota were reported today during opposition demonstrations at the time of the presidential visit to the area. Shortly after the president dedicated the Enacar [National Coal Enterprise] general manager's offices, located at the intersection of O'Higgins and Lincoyan Streets in Concepcion, a group of demonstrators called by the construction workers trade union staged a demonstration that was dispersed by the Carabineros, who used tear gas two blocks from the Enacar offices.

An hour later, incidents in which 12 women were arrested took place in Lota. Most of the women belonged to the committee of jobless women who worked for the PEN [Minimum Salary Program] and POJH [Employment Program for Heads of Families] programs, which were cancelled in December 1985. Moreover, a bomb went off in (Misegue), 9 km from Concepcion, on the road to Coronel, and several tire-puncturing devices were spread in the area. [end relay]

FINANCE MINISTRY REPORTS ON FOREIGN DEBT

PY190126 Asuncion ULTIMA HORA in Spanish 17 Mar p 10

[Text] One of the government's most noteworthy actions in the area of state financial administration is the policy it has continuously followed. This policy has been characterized by prudence in contracting loans with due regard to the commitments they entailed, the significance of economic and social development, and the importance of physical infrastructure projects. In most cases, it has been preferable to study the possibility of contracting foreign credits with international financial organizations in which our country was a member, especially with the IRDB, the IDB, and other institutions that grant credits suitable not only to our repayment capacity but also to the purposes for which the loans were contracted.

We have watched the policies of most of the other countries of the continent in this regard and have seen that they have contracted mostly suppliers credits, which have very rigid terms; namely short-term, high interest rates, and imperative requirements for the amortization of the principal and interest. Although the fact that the overall Latin American debt is approaching the $400-billion mark is serious, the situation is still more serious because the loans have been contracted on very rigid terms, thus creating troublesome difficulties for strict compliance with those commitments.

Fortunately, our country, which is not subject to these rigid credit terms, nor to the need to contract onerous loans, is normally meeting its foreign debt obligations. Therefore, no one should suggest that our foreign debt must be renegotiated, or that we should align in a common front with other Latin American debtor countries, or that we should join the Baker Plan, or that Paraguay is a problem country on foreign debt matters.

The country's foreign debt balance on 30 June 1985 was $1,732,600,000, which is $470 per person -- one of the lowest of the continent. The public sector's debt balance on the same date was $1,585,900,000, of which 43.6 percent belongs to the central administration and 56.4 percent to the decentralized administration. The central administration has used 66.1 percent of the loans, and has serviced the amortization of 18 percent of the used loans up to now. The decentralized administration has used 75.6 percent of the contracted loans, is carrying a debt balance of $894.9 million, and has serviced the amortization of 19 percent of the loans used.

The percentage breakdown of the foreign debt balance is as follows: decentralized administration 51.6 percent; central administration 39.9 percent; and private sector 8.5.

The national government will continue to adopt the necessary measures to maintain its policy of honoring all its foreign obligations.

BRIEFS

TELECOMMUNICATIONS AGREEMENT WITH JAPAN -- The General Manager of the National Administration of Telecommunications [Antelco], Colonel Francisco Feliciano Duarte, and the president of the Antelco Administration Council, Colonel Miguel Cirilo Guanes, on behalf of Antelco, and Fernando Watanabe on behalf of the Japanese NEC enterprise have signed an agreement aimed at adjusting the Antelco ground satellite station in Aregua to the new Intelsat-6 communications satellite. [Summary] [Asuncion EL DIARIO in Spanish 13 Mar 86 p 42 PY]

GARCIA RETURNS FROM ARGENTINA 16 MARCH

PY170220 Paris AFP in Spanish 0207 GMT 17 Mar 86

[Text] Lima, 16 Mar (AFP) -- Peruvian President Alan Garcia today arrived back in Lima after an official 3-day visit to Argentina at the invitation of Raul Alfonsin, his Argentine colleague. The Peruvian Air Force plane arrived at 2130 (0130 GMT) at the military base that is located near Jorge Chavez Airport. The chief of state was met by the first vice president, Senator Luis Alberto Sanchez and by Luis Alva Castro, the prime minister and economy and finance minister.

CENTROMIN WORKERS END STRIKE, RETURN TO MINES

PY181450 Paris AFP in Spanish 2307 GMT 17 Mar 86

[Text] Lima, 17 Mar (AFP) -- Fifteen thousand workers from the Central Peruvian Mining Enterprise [Centromin] today returned to work after a 19-day strike which, according to the authorities, caused a $19-million loss. Two weeks ago about 5,000 workers together with their wives and children started a 180-km march to Lima, but they were stopped by the police 45 km from this capital. Some workers then began a hunger strike on the spot.

The march participants returned today to the Centromin mines with transportation provided by the authorities, and advanced salary payments. The mines, located from 180 km east to 320 km northeast of Lima in the central mountain range, mainly produce lead, zinc, silver, and bismuth. The Centromin miners will receive a 42-intis increase per day, which is equivalent to $2.5. This agreement was reached after a meeting yesterday between Energy and Mines Minister Wilfredo Huayta and the miners at their roadside camp.

SUGAR INDUSTRY DELEGATION RETURNS FROM CUBA

PY151729 Lima Radioprogramas del Peru Network in Spanish 0300 GMT 15 Mar 86

[Text] A Peruvian sugar industry delegation has visited Cuba to discuss cooperation in the agricultural field and to study the advantages for Peru of diversifying the sugar industry. The delegation, which was headed by Senator Alfredo Santa Maria Calderon and made up of Deputy Wilber Placencia Pichen and agronomists from sugar industry cooperatives, has returned to Lima. Senator Santa Maria explained that the trip was made at the request of the Economy Ministry and that a report on its results will be submitted to Minister Luis Alva Castro.

IGLESIAS DISCUSSES NICARAGUAN BORDER PROBLEMS

PY071611 Paris AFP in Spanish 0226 GMT 7 Mar 86

[Text] Montevideo, 6 Mar (AFP) -- Foreign Minister Enrique Iglesias today warned that the installation of a peace keeping force along the Nicaraguan and Honduran border is not such an easy accomplishment and depends on the overall problem of peace in Central America. Iglesias, who with his Argentine, Brazilian, and Peruvian counterparts make up the Contadora Support Group, believes that it would be desirable to create that kind of force in that zone, but pointed out that that situation is much more serious than the border problem between Costa Rica and Nicaragua.

The foreign ministers of the Contadora Group (Colombia, Panama, Mexico, and Venezuela) and the Support Group decided 1 week ago in Punta del Este to establish a Civilian Commission for Observation, Prevention and Inspection along the border between Nicaragua and Costa Rica. Iglesias said that the Punta del Este decision is an important step toward resolving one problem but pointed out that while a peace keeping force is a possible solution, it will still take some time before a similar arrangement can be used at the Honduran-Nicaraguan border. Iglesias avoided a question about the statement made by Elliott Abrams, the assistant secretary of state for inter-American affairs, in which Abrams said that a solution in Central America will be found only by pressuring Nicaragua. Instead of answering the question, the foreign minister reaffirmed the Contadora Group policy. Iglesias added: The position of the Contadora Group and its Support Group is the only position we can believe and trust. It is the policy of negotiation and the one we are going to follow. In reference to the meeting of the Follow-up Committee of the Cartagena Consensus held simultaneously with that of the Contadora Group, Iglesias emphasized the responsible and firm nature of the regional mechanism created in 1985 to face the problem of the foreign debt. Iglesias denied that the Cartagena Consensus was organized in haste, and indicated that everyone believes that the costs incurred as of result of hasty organization could outweigh the advantages that such an organization could offer.

NICARAGUAN DEPUTY ON U.S. SUPPORT TO CONTRAS

PY181847 Paris AFP in Spanish 1342 GMT 18 Mar 86

[Text] Montevideo, 17 Mar (AFP) -- Nicaraguan FSLN Deputy Rogelio Ramirez stated here today that the counterrevolutionary forces fighting the Sandinist government become weaker every day and have no chance of defeating the Nicaraguan Regular Army. He added that the contras are totally defeated from a strategic point of view, although tactically they continue to be dangerous due to the intrinsic criminality of the Somozist guards. Ramirez is in Montevideo on a courtesy and goodwill visit, to make known among his Uruguayan counterparts the draft constitution which the Nicaraguan Government wants to submit to the population soon.

Referring to the $100-million aid project for the contras which is now being debated by the U.S. Congress, the Sandinist deputy said that he trusts the U.S. people will not allow their government to make them accomplices in a murderous adventure. Ramirez added that he does not fear a U.S. military intervention in Nicaragua, but he warned that if there is an invasion, the United States will choose that date to enter Nicaragua, but it will not be able to choose when to leave.

GUATEMALAN PRESIDENT ARRIVES FOR OFFICIAL VISIT

Proclaims Solidarity

PA180426 Paris AFP in Spanish 2237 GMT 17 Mar 86

[Excerpt] Caracas, 17 Mar (AFP) -- Shortly after arriving in Caracas on a 4-day [as received] official visit, Guatemalan President Vinicio Cerezo today proclaimed his solidarity with Venezuela's efforts to restore democracy on the continent. The Guatemalan head of state arrived at 2105 at the Maiquetia International Airport, located on the Caribbean coast near Caracas, where he was met by his Venezeulan counterpart Jaime Lusinchi. Today Cerezo began his third visit to Venezuela. He visited here recently as candidate and president-elect. After receiving the customary honors, Cerezo said: "I feel I am returning to my own land because here I have always felt as if I were in my own country." He recalled Simon Bolivar, stating that "The Liberator's idea was that Venezuela is the birthplace of freedom and a place for all those seeking freedom; I have experienced this myself." Cerezo added: "Bolivar's feelings inspire in others the idea that we live on the same continent and have the same feelings. I have come here with the conviction that I will find support and solidarity and to reassert my decision to contribute to the role that Venezuelans have taken upon themselves -- that of laying the basis to establish democracy." Finally, he said that "Venezeula is the birthplace and base of the liberators and democratizers of all Latin America."

Welcoming him, Lusinchi stressed his country's "advocacy of solidarity," recalled the troubles of the current times, and emphasized that "We continue to be forced to act collectively." Regarding Guatemala, he stressed that "The Armed Forces, the people, and your leadership (Cerezo's) made it possible to return to the exercise of their freedoms, to the exercise of their free will. To us, therefore, this visit provides an opportunity to strengthen our common ties, to join our voices and accents in addressing these same challenges," he added. "In Central America, a region common to all, peoples are awakening, and several of them, before and after Guatemala, have found the democratic path," Lusinchi said in conclusion.

While still at Maiquetia Airport, Cerezo received the keys to the city from Jorge Gomez Mantellini, president of the Caracas Municipal Council, and was greeted by Venezuelan political personalities and representatives of the diplomatic corps. He then left with Lusinchi for Miraflores Palace, headquarters of the Venezuelan presidents, where they held their first meeting at 2230 GMT.

Meets With Lusinchi

PA190019 Caracas Television Service in Spanish 1600 GMT 18 Mar 86

[Text] During the first meeting between Guatemalan President Vinicio Cerezo and President Jaime Lusinchi, the Central American president said that at a difficult time in the search for liberty, he has found in Venezuela a place to get inspiration. The visiting president was welcomed by his counterpart Lusinchi at the doors of the presidential palace. From the first moment, Vinicio Cerezo expressed satisfaction with the Venezuelan Government system and the welcome he has received. The Guatemalan president pointed out that Simon Bolivar's libertarian views have borne fruit and the people of Central America are awakening to find a democratic path.

[Begin recording] We are interested in Latin American relations, and we believe that Venezuela is the appropriate place because it has always advocated Latin Americanist unity. [end recording]

Views Reagan Contra Stand

PA190302 Paris AFP in Spanish 2223 GMT 18 Mar 86

[By Jorge Calmet Wagner]

[Excerpt] Caracas, 18 Mar (AFP) -- Ronald Reagan's battle to get the U.S. Congress to assist the Nicaraguan "contras" with $100 million has caused an impact during the visit to Caracas by Guatemalan President Vinicio Cerezo, who expressed his concern over the "polarization" of the conflict in Central America. "We feel that the United States should worry a great deal more about the opposition political groups inside Nicaragua," said Cerezo after receiving the greeting of the diplomatic corps accredited to Venezuela. "We are opposed to any type of confrontation formula and feel that we must make a very strong effort to lay the groundwork for a political dialogue," said the Christian Democratic Guatemalan president, who is promoting a summit of Central American heads of state to ward off a crisis. Cerezo declined to give an opinion on the attitude of President Reagan, who said he is a "contra," and unequivocally viewed the Nicaraguan problem within the context of the East-West conflict, in open contradiction to the Contadora Group (Columbia, Mexico, Panama, and Venezuela), which is trying to extricate it from that context and to find a Latin American solution for it.

"We feel that (Reagan's) position should be expanded to strengthen the political sector. A military solution may simply be a return to the past and would leave the Nicaraguan people without the possibility of adopting a decision of their own," Cerezo asserted. Nevertheless, Cerezo stressed that "Contadora has not failed" and "its role is vital because it is going to try to insist on a solution to the problem through dialogue, trying to acknowledge the importance of democracy and political pluralism in the search for peace." "We are going to support the Contadora process and will try to contribute whatever is necessary to find those political mechanisms," he added.

The Guatemalan president underscored another of his initiatives -- the creation of a Central American Parliament -- as "another political forum for the solution of the problems" in the Central American isthmus. After noting that he did not notice "a substantial change" in Reagan's position, Venezuelan Foreign Minister Simon Alberto Consalvi asserted that Contadora and the Support Group (Argentina, Brazil, Peru, and Uruguay) "will persist with the same faith in regard to understanding and the advisability of a negotiated and peaceful solution in Central America."

Consalvi remarked that "it would be naive to say that (Reagan's statements) are not worrisome. All inflexible positions on the crisis in Central America worry us and one of the goals of Contadora and the Support Group is precisely to persuade those who hold opposing stands, whether it is the United States or any other country in the region."

On Monday evening, Venezuelan President Jaime Lusinchi evoked this situation when decorating Cerezo with the Grand Collar of the Order of the Liberator, Venezuela's highest decoration. Lusinchi noted that "various elements have conspired against detente and the search for native solutions to the Central American conflict" and said "we know that the sovereignty in your (Cerezo's) political decisions is a factor essential to Contadora's and the Support Group's purposes." Lusinchi asserted that Contadora and the Support Group represent over 90 percent of the Latin American population and seek to reserve for Latin America the right to solve its own problems "without any foreign maneuvers of any ideological hue [signo] that would make us turn away from our true aspirations and our destiny as free peoples." "All of us are counting on Guatemala's contribution to struggle for peace in Central America on the basis of Latin American opinions and solutions," the Venezuelan president said.

ENERGY SECRETARY OIL POLICY FOR OPEC SESSION

PA190044 Mexico City XHDF Television Network in Spanish 1955 GMT 17 Mar 86

[Text] Francisco Labastida Ochoa, energy, mines and parastate industry secretary, has said that Mexico will always defend its interests. He said this just before he left today for Geneva, Switzerland, to attend an OPEC meeting.

Labastida Ochoa said that Mexico will not reduce its oil exportation platform because the oil industry in Mexico belongs to the people, and any decision concerning the oil industry must always suit the people's interests. He later said that as an independent country, Mexico has to defend its interests, which it has been doing under President Miguel de la Madrid Hurtado's guidance. Labastida Ochoa said that OPEC's meeting should yield positive results, which should benefit the industrialized countries and also the underdeveloped ones.

OPEC's ministerial meeting was suspended a few hours after it opened today to give the technical committee more time to complete its report on the oil market situation. A recess was called until tomorrow, when the technical committee should have ready its report on which OPEC plans to base its policy for the next quarter.

Meanwhile, OPEC President Arturo Hernandez Grisanti of Venezuela said that the ministers will be holding an informal meeting this afternoon to try to reach some agreements before resuming their deliberations tomorrow.

According to observers, the ministers are trying to reach some consensus which at this moment seems somewhat difficult to obtain. Five countries that are not members of the OPEC -- Mexico, Egypt, Malaysia, Brunei and Oman -- will participate in the deliberations this Wednesday as an act of solidarity with OPEC and also to support the joint defense of oil prices.

PEMEX REPORTS $10-BILLION SURPLUS IN 1985

FL190226 Mexico City NOTIMEX in Spanish 0050 GMT 19 Mar 86

[Text] Mexico City, 18 Mar (NOTIMEX) -- Pemex had a surplus of 4 trillion pesos (about $10 billion) last year, Pemex Director General Mario Ramon Beteta has reported. When he presented a report on his work as Pemex director general, the official said that in 1985 Pemex paid 3.7 trillion pesos (nearly $9.25 billion) in taxes, 2.7 trillion [pesos] as taxpayer [causante] and nearly 1 trillion as withholding agent [retenedor].

Beteta explained that the foreign exchange received from the sale of oil totalled $15.15 billion, which was 9 percent less than in 1984. The drop in foreign exchange income, he said, was compensated by smaller dollar expenditures; he added that Pemex used 12 percent of its income to cover its operating and investment expenses and 18 percent to pay for servicing its debt. The remaining 70 percent, he said, was available for the other economic activities of the country.

He said the instability of the world oil market was greater in 1985, therefore in June 1985 Pemex exported only 783,000 barrels daily and closed the first semester with an average of 1,337,000 barrels daily.

Pemex then established differential prices for the different continents, he said, and increased exports during the second semester. The daily average for the year was 1,438,000 barrels.

DE LA MADRID PROMOTES NEW EXPORT PROGRAM

PA190023 Mexico City XEW Television Network in Spanish 1300 GMT 18 Mar 86

[Text] Mexico can resume the financing of its economic growth without resorting to the income obtained from its oil, said President De la Madrid yesterday during the installation of the new board of directors of the National Foreign Trade Bank. De la Madrid said that we should take advantage of the drop in the oil prices on the international market to develop a new export program.

We must realize that we are not going to be getting the same high prices for our oil as in former years, nor can we depend on more foreign loans which will also increase our indebtedness, President De la Madrid said. He insisted that every sector in the country must participate in the solution of the crisis. De la Madrid referred to a series of measures aimed at promoting exports.

Commerce Secretary Hector Hernandez Cervantes gave some details regarding the measures ordered by President De la Madrid to promote exports. Some of the measures are: to adjust the exchange control system favorable to exporters; to encourage the use of credit lines available from foreign banks; the financing sector will cooperate with 2.2 billion pesos for an exportation program; to reduce or abolish taxes that are hindering exports; to permit the association of national enterprises with foreign investors; to abolish legal and administrative red tape; to modernize air and sea transportation and port services.

Commerce Secretary Hernandez Cervantes said that with these measures local exporters and supplies should obtain the same benefits as their competitors abroad.

Hernandez Gives Details

PA181932 Mexico City XHDF Television Network in Spanish 0300 GMT 18 Mar 86

[Text] The government of the Republic has implemented several actions to promote the same of nonpetroleum products. These measures respond to the government's commitment to make a structural change in the economy in order to improve its foreign trade. These actions were announced by Commerce and Industrial Development Secretary Hector Hernandez Cervantes at the installation of the board of directors of the National Foreign Trade Bank.

Hernandez Cervantes announced 18 points which include the following actions: support will be given to enterprises with a background in export and, for this, promoters that respond to the needs of the enterprises they are assigned to will be appointed; the creation of foreign trade enterprises will be promoted and the participation of chains existing in the local market will be sought; and tax refunds will be made to exporters who will receive the zero-rate application in indirect taxes such as the value added tax.

Other points mentioned by Hernandez Cervantes are the following: 2.2 billion pesos in credits will be granted to exporters this year and they will also get $500 million from the World Bank and the IDB; indirect exporters will get a domestic letter of credit to cover their import costs; and there will be facilities for the use of foreign exchange of exporters.

[Begin recording] Adjustments will be made to the exchange control system in order to make a distinction in favor of exporters which consists of allowing them to apply up to 100 percent of the foreign exchange they earn from their exports to pay for advances made toward future imports without any limits or guarantees. [end recording]

These facilities include the following: Exporters will be able to make deposits in foreign exchange at local banks and will be able to earn interest rates that are equivalent to those used for deposits in Eurodollars for a monthly period. The handling and withdrawal of these deposits may be made without any conditions.

For his part, Finance Secretary Jesus Silva Herzog said that it was never more necessary to promote the competitiveness of local industries and the incorporation of Mexican products into the world's markets.

PRESIDENT URGES 'INTERNAL REFORM' OF PRI

PA181157 Mexico City THE NEWS in English 12 Mar 86 p 1

[Text] Calpulalpan, Tlaxcala -- President Miguel de la Madrid Tuesday issued a direct call for further internal reform of the ruling Institutional Revolutionary Party [PRI], saying that the nomination process of PRI candidates should be democratized "so the candidates put forward are those that win with the majority support of their own party."

The president, speaking to an audience of local PRI leaders, warned that making the PRI's internal processes more democratic is essential for it to remain Mexico's majority party. "Democratizing (the party) is strengthening it," De la Madrid said. "A strong state must not be an authoritarian one but a deeply democratic and popular one."

The PRI, facing perhaps the strongest electoral challenge of its 57-year history in gubernamental elections later this year, has been involved in considerable internal debate over the best way to preserve the party's electoral dominance. The president, on a work tour of this small state to the east of the capital, offered Tlaxcala as a successful example of internal reform in the PRI's candidate selection process. The results of recent municipal elections, he said, "show the political talent of our party and its ability to adapt to change." "The advances that you have achieved should be broadened and deepened," he urged, "so that the municipality becomes the basic cell of our system of government and of the daily practice of democracy."

The president reiterated the theme of the nation's strength in the face of adversity, attributing the Mexican people's capacity to overcome hardships to the forging early on of strong nationalistic beliefs. Mexico, he said, "is a relatively weak country compared to the great power to the north, and because of this we have refined our sense of nationalism and independence -- perhaps more so than other countries like ours but which have not had to face the same challenges throughout their history."

On his tour of the state, De la Madrid dedicated public works projects worth 30.29 billion pesos, including educational facilities, two industrial plants, a general hospital and a renovated Tlaxcala national airport. In the rural district of Apizaco, De la Madrid delivered 5,000 certificates of agrarian rights and 50 tractors, while inaugurating an agricultural development program involving the granting of 190 million pesos.

REPORTAGE ON LABOR CODE CHANGE, STRIKE, VIOLENCE

Plan To Suspend Rights Denied

PA181436 Panama City LA ESTRELLA DE PANAMA in Spanish 18 Mar 86 p 1

[By Octavio Carrasquilla]

[Text] Minister of Government and Justice Rodolfo Chiari de Leon has emphatically denied that the national government would suspend individual constitutional rights should the disturbances of the past few days, motivated by the Legislative Assembly's discussion of proposed amendments, continue in Panama City. Minister Chiari explained that the national authorities will take any measures necessary to control any incidents or any kind of public demonstration that disrupts the normal order in Panama City or in any other part of the country. However, at no time had they intended to suspend constitutional rights, because there is no state of emergency. The rumors of the suspension of the constitutional rights were allegedly spread by opposition members in order to continue creating chaos, concern, and national instability. Thus Panamanians would remain in a state of anxiety and the opposition could then promote its subversive plans and disrupt the peace in our nation.

President Approves Amendments

PA181944 Panama City Televisora Nacional in Spanish 0000 GMT 18 Mar 86

[Text] President Eric Arturo Delvalle approved the law amending the Labor Code at the Presidency this afternoon. He sent the law to the official gazette for publication. As soon as it is published, the law will go into effect throughout the territory as a new law of the Republic.

Arnulfo Arias Urges Protest

PA181714 Panama City LA PRENSA in Spanish 18 Mar 86 p 1

[Text] Former President Arnulfo Arias told LA PRENSA yesterday that "the amendments that the government, born of fraud and controlled by the military, wants to impose on us will not resolve the country's problems nor reactivate its economy." The Authentic Panamenist leader said that "the solutions to the country's problems can come only from a legitimate government truly backed by the people." He said: "Panamanians interested in the country's recovery and seeking to reestablish democracy and freedoms should support actions staged by democratic political parties, people's groups, and other sectors struggling against the military leadership."

Bomb Defused; Others Explode

PA181424 Panama City EL SIGLO in Spanish 18 Mar 86 pp 1, 23

[By Jorge Calvo]

[Text] Giving continuity to the increasing atmosphere of instability that is gradually threatening social peace in our country, another time bomb was discovered yesterday afternoon at the Gago Supermarket on Brazil Street.

Defense Forces Sergeant Rios discovered the bomb. He immediately took preventive measures and reported his discovery to the authorities. Specialized units of the G-2 Security Corps arrived at the supermarket and managed to defuse the explosive device, thus preventing any accident or mishap. Supermarket customers grew nervous as a result of the incident. It was reported that the defused bomb contained a clock and more than 3 pounds of active gunpowder. G-2 members are analyzing the explosives in their laboratories while investigations continue in various parts of the country in search of the culprits of this terrorist action.

Less than 48 hours ago, another bomb of the same kind (pipe bomb) exploded in the El Machetazo Store, causing an employee to lose one of her arms. Also, last weekend, other bombs exploded in El Pote Restaurant in the Obarrio Gallery Shopping Center and on the first floor of the Controllers Office building. Unofficially, there were reports of two other bombs in the El Dorado Shopping Mall and a bank in San Francisco neighborhood.

Noriega, Conato Leaders Meet

PA182000 Panama City ACAN in Spanish 1935 GMT 18 Mar 86

[By Rolando Raul Rodriguez]

[Excerpt] Panama City, 18 Mar (ACAN-EFE) -- On the 9th day of their strike, the members of the National Council of Organized Workers (Conato), the country's largest labor organization with 120,000 members, are maintaining their position of continuing a strike to protest the government's new economic guidelines. After being approved by the Legislative Assembly, Panamanian President Eric Arturo Delvalle signed the amendments to the Labor Code yesterday.

While this was happening, Conato leaders met with General Manuel Antonio Noriega, commander in chief of the Defense Forces, and other military officers, a union leader told ACAN-EFE today. According to the same source, the military chiefs warned that if the labor code amendments are not implemented, the government will have to dismiss 45,000 government workers. Nevertheless, Conato requested that Panama "break" with the IMF and "that a formula be sought to solve the problem," the union leader, who asked not to be identified, stated.

Conato Stages March

PA190032 Panama City Circuito RPC Television in Spanish 2300 GMT 18 Mar 86

[Text] Conato again staged a march this afternoon to ask the government to repeal Law No 46 on amendments to the Labor Code. Meanwhile, the Trade Union of Panamanian Industrialists has stressed that if the law on incentives is approved it will be catastrophic for Panama's economy. In Changuinola, it has been reported that the union of banana workers in that area of Bocas del Toro Province will resume work tomorrow at 0600.

New acts of vandalism took place late this afternoon on Central Avenue, beginning near the Piccolo store in the Calidonia area and moving to the 5th of May Square. A large number of stores and other businesses were virtually ransacked a few minutes ago, after the end of the workers' march. According to reports, bands of children, young people, and some elements not connected with the march smashed store windows and furniture and took clothing and electrical appliances.

Until a few minutes ago the situation was a great source of concern for businesses on Central Avenue, as there is no surveillance to curb the vandalism. Unruly mobs have seized the area and caused serious losses to the business sector.

Situation 'Normalizing'

PA181952 Panama City Circuito RPC Television in Spanish 1730 GMT 18 Mar 86

[Text] As Conato's strike loses considerable force, the situation in the capital and the rest of the country seems to be normalizing. A large number of industries are operating, and businesses are operating normally under close supervision. The labor reforms, the focus of the conflict, have already been approved by the executive branch, and the proposed law that introduces new rules for the industrial sector has been approved in second debate and today will be discussed in a third debate in the Legislative Assembly. Public transportation has continued to flow, and fuel service has normalized.

In the interior, specifically in Bocas del Toro, banana exports are being carried out, although at half capacity. Meanwhile, in Chiriqui, the banana strike in Puerto Armuelles is in its 16th day today, with no short-term solution in view. The situation is very critical in that area, and all responsible people in the Chiriqui region are demanding a speedy solution to the conflict, which is being prolonged because of the intransigence of the unions, which are demanding better wages from the Chiriqui Land Company. However, their demands are unrealistic and threaten the company's financial stability.

President Eric Arturo Delvalle has called on the workers in general to stop and think, so as to avoid an economic catastrophe in the region, similar to the one that occurred in Costa Rica last year when the banana company left that country, leaving behind chaos, misery, and desperation.

CABRERA: NO REQUEST RECEIVED FOR MARCOS ASYLUM

PA190101 Panama City Televisora Nacional in Spanish 0000 GMT 19 Mar 86

[Text] Deputy Foreign Minister Jose Maria Cabrera has issued a statement concerning an alleged request to Panama for asylum from former Philippine President Ferdinand Marcos:

[Begin recording] Regarding an alleged request from former President Marcos to the U.S. Government for help in obtaining asylum in some country -- including Spain, Mexico, and Panama -- we have not received any request from the United States in this concern. I think that if a request is received it will be studied, and the corresponding reply will be given. [end recording]

CHILEAN ATTEMPTS HIJACKING, FACES EXTRADITION

PA190049 Panama City Televisora Nacional in Spanish 0000 GMT 19 Mar 86

[Text] Panamanian authorities at the Omar Torrijos Herrera International Airport have arrested Luis Ralph Hernandez, a Chilean who apparently tried to hijack a Canadian Pacific Air DC-10 from Canada en route to Peru. The aircraft, with 281 passengers and 13 crew members, made an emergency landing in Panama City due to Hernandez' violent actions. He tried to break into the cockpit and insulted and struggled with the passengers. Panamanian authorities have begun procedures to extradite Chilean citizen Luis Ralph Hernandez.

COSTA RICA

ANTI-SANDINISTS ARRESTED ON NORTHERN BORDER

PA181626 Panama City ACAN in Spanish 1915 GMT 15 Mar 86

[Text] San Jose, 15 Mar (ACAN-EFE) -- It was officially reported today that seven anti-Sandinists were arrested by Costa Rican civil guardsmen near the border with Nicaragua. The arrests were made in Ciudad Quesada, 150 km north of this capital, in a joint operation of the Rural Police and the Intelligence and Security Directorate [DIS].

According to reports from police sources, those arrested were five Nicaraguan and two Costa Rican anti-Sandinists travelling in a Costa Rican-registered rural vehicle. They were not carrying firearms. The authorities identified the Nicaraguans as Rodolfo Gomez, Jose Gonzalez, Julian Sevilla, Ramon Angulo, and Victor Manuel Perera and the Costa Ricans as Eugenio Ramon Florez and Jose Luis Chaverri.

Rural Guard and DIS spokesmen said that this group may belong to the ARDE forces fighting under the leadership of Eden Pastora in southern Nicaragua. They added that these people were probably headed for San Jose where Sevilla, who had a bullet wound in one of his legs, could receive medical treatment. Sevilla was taken to Ciudad Quesada's hospital for medical treatment, while the other six were taken to the city's jail, where they remain in the custody of the DIS.

DIS sources said that last month Costa Rican authorities arrested some 60 people who have been linked to the "contras." They also confiscated four vehicles. On 22 February Alvaro Cermeno Castillo, known as Commander "Tadeo," was arrested. Until a year ago he fought under Pastora in southern Nicaragua, and he is still in the Ciudad Quesada jail, accused of illegal weapons possession. On 10 March DIS and Rural Guard authorities arrested a group of 12 people with military equipment in the Nicaraguan border area. They were believed to be linked to an anti-Sandinist organization. Ten "G-3" machine guns, a 45-cal "Browning" pistol, a "BZ" pistol, fatigue trousers, hammocks, ammunition-carrying vests, backpacks, radio communications equipment, and gunbelts were seized from this group.

EL SALVADOR

IMMIGRATION TO REQUIRE REBEL SAFE-CONDUCT

PA180148 Panama City ACAN in Spanish 0038 GMT 19 Mar 86

[Excerpt] San Salvador, 17 Mar (ACAN-EFE) -- The Salvadoran immigration authorities said today that they have issued instructions to prevent the entry into the country of a guerrilla delegations unless they have a safe-conduct issued by the government.

Rene Garcia Araniva, immigration director, said that he has issued instructions to the immigration offices in the international airport of El Salvador and at border checkpoints to prevent the guerrilla delegates from entering the country.

According to a local evening newspaper report, representatives of the FMLN-FDR announced last week that during the course of this week they would enter the country to give Archbishop Arturo Rivera y Damas the practical-operational mechanisms for the third dialogue meeting.

Araniva said that if the "extremists" do not bring their respective safe-conducts granted by President Jose Napoleon Duarte they will not be allowed to enter the country.

The rebel delegation will also discuss with the prelate the truce for Holy Week requested by the church and accepted by the rebels.

SECURITY MINISTER ON TALKS WITH GUERRILLAS

PA180153 San Salvador Radio Cadena YSKL in Spanish 1730 GMT 17 Mar 86

[Interview with Public Security Minister Colonel Carlos Reynaldo Lopez Nuila by Arnoldo Batres; date and place not given -- live or recorded]

[Text] [Batres] What is your opinion regarding guerrilla spokesmen coming to El Salvador to meet with Msgr Rivera y Damas to find, they claim, a new route that will lead them to a new dialogue with the government of Jose Napoleon Duarte in the search for peace, according to statements by Ruben Zamora to YSKL from Nicaragua? We would like to know your opinion as our public security minister.

[Lopez] Thank you for this opportunity to address the Salvadoran people. Regarding this question, we must recall that the FMLN-FDR leaders are criminally responsible for all crimes committed in El Salvador, so when they enter El Salvador to participate in any negotiation in their condition as representatives of the terrorist organizations, they are doing so protected by a safe-conduct granted by the government. However, at this time they do not have safe-conduct, the president has been clear. He said that the opportunity to resume a dialogue is proposed in such a way that it must be simultaneous between the forces opposing the Marxist regime in Nicaragua and the regime in power, and between the Salvadoran terrorist organizations and the constitutional Government of El Salvador.

Thus, we must clearly understand that none of these leaders of national terrorism can come to this country nonchalantly, without being immediately captured, because there is a permanent arrest warrant against them in view of the enormous criminal record they have accumulated throughout the years.

[Batres] We would also like to know your view on the new transporation stoppage announced by the rebels on the country's roads. This will be the third transporation stoppage in 1986 aimed at stopping cargo and the passage of private vehicles, as well as buses, on all routes throughout El Salvador.

[Lopez] This is another attitude, or one more attitude, that goes against the human rights of the Salvadoran people. This clearly shows that the gentlemen of the terrorist organizations have firmly and definitely declared war on the Salvadoran people. We must understand these kinds of activities in this context, because the people who are hurt by this kind of situation are precisely humble Salvadorans who must travel from one place to another because of work, family, health, or other reasons. I also want to note that these stoppages continue to lose their effect because we can offer greater guarantees to the Salvadoran people and, at the same time, the people have shown that they are upset and tired of this careless attitude by the leaders of the terrorist organizations.

[Batres] Philip Habib, Mr Reagan's ambassador to Central America who visited us recently, said that he agrees with Duarte's idea that before talking with the Salvadoran rebels there must be a dialogue between those who fight the Nicaraguan regime and the authorities there. What is your view of this?

[Lopez] I think that is fundamental in the Central American problem: So long as there is a Marxist regime in Nicaragua there can be no peace in El Salvador. We cannot get our hopes up that we are going to talk with these gentlemen and that we will reach an agreement so long as there is a regime in Nicaragua that is constantly -- because of its activities as terrorists -- exporting evil and terror to neighboring countries. We must be clear that any peace solution for Central America must go through the solution of restoring democracy in Nicaragua.

[Batres] If there is something we forgot in this interview, this is your opportunity to tell the thousands who listen to YSKL, the nation's top radio station.

[Lopez] No, I just want to thank YSKL for this opportunity to address the listeners of El Salvador. I am also a YSKL listener and precisely because of the constant activity carried out by the stations the Salvadoran people are kept informed.

FMLN STOPPAGE REPORTEDLY 'WORST FAILURE'

PA182202 San Salvador EL MUNDO in Spanish 17 Mar 86 p 3

[Excerpts] San Miguel -- The transportation stoppage on the country's highways, which has been holding up all related activities for the last 6 days, was lifted yesterday by the FMLN General Command, according to a broadcast by the clandestine Radio Venceremos; this was confirmed by the rebels who talked with the drivers at various roadblocks in this eastern zone. Both Radio Venceremos and the guerrillas deployed on the highways said that the 6-day stoppage was decreed by the FMLN in rejection of the Duartist government's packaged swindle. In addition, Colonel Miguel Antonio Mendez, commander of the 3d Infantry Brigade in this city, said that the stoppage represents one of the FMLN guerrilla organization's worst failures, and its effects were negative because the people never stopped working and continue to be closely united -- not to destroy but to help each other and carry out their work without meddling in politics.

Throughout the 6-day stoppage, the guerrillas set up roadblocks. They strafed a taxi at the Pan-American Highway, instantly killing the driver and one of the two passengers he was carrying to Mercedes Umana. The attack was carried out near Villa El Triunfo, at the place known as Vueltas de la Herradura. The rebels also intercepted a few vehicles, which they parked across the highways, and punctured their tires, both in the areas of San Miguel and San Vicente. The Armed Forces worked actively during this time, patrolling the highways to provide as much protection as possible and to guarantee the circulation of vehicles, which was 90 percent paralyzed, particularly public transportation.

FDR-FMLN COMMUNIQUE ON DUARTE DIALOGUE STAND

PA182006 (Clandestine) Radio Venceremos in Spanish to El Salvador 1921 GMT 18 Mar 86

[Communique issued by the FDR Executive Committee and the FMLN General Command on 17 March -- read by announcer]

[Text] Declaration of the FDR-FMLN:

1. On 4 March 1986 Napoleon Duarte expressed a willingness to resume the dialogue with our fronts on the condition that the Nicaraguan Government also agrees to talk with the mercenaries supported by the United States who are attacking that brother country from abroad.

On 6 March our fronts stated that they were willing to resume the dialogue immediately and told Msgr Rivera y Damas that a delegation would visit him the following week to discuss aspects of the resumption of the dialogue. In the face of our announcement, Duarte threatened to detain the FDR-FMLN delegates. Meanwhile, we were waiting for the government's official position through intermediaries. On Saturday, 15 March, Msgr Rivera y Damas, in compliance with the FDR-FMLN proposal, met with Napoleon Duarte to learn about his official decision regarding the resumption of the dialogue. Duarte's response was negative, and he reiterated his threat to incarcerate our delegates.

2. Duarte again eliminated the possibility of resuming the dialogue, which was interrupted on 30 November 1984, thus showing his lack of willingness to find a political solution for the internal conflict through dialogue and negotiations. His announcement was a demagogic and propagandistic recourse within the framework of the Reagan administration's campaign against Nicaragua to obtain U.S. congressional approval of $100 million for Nicaraguan mercenaries. Therefore, this announcement is a mockery of our people and an offense to the governments and personalities working for a political resolution of the conflicts of the region.

3. This Duarte maneuver is occurring at a critical moment in the country's history, characterized by the recent rejection by various sectors of society of the government's economic and social policy and the search for new alternatives to resolve the country's crisis aggravated by the current administration. In this context and in view of Duarte's intransigence, what will happen is that the war will continue with more intensity and become more widespread, and the intervention of the U.S. Government in the country's domestic affairs will increase even more.

4. The FDR-FMLN also expressed their willingness to discuss the request made by the San Salvador archbishop to put a military truce between the government and our fronts into effect for the Holy Week period. However, it has been proven that Duarte does not want even to discuss the proposal made by the Salvadoran Catholic hierarchy.

5. In conclusion, our fronts reiterate their willingness to continue making efforts to strengthen the dialogue among all Salvadorans fighting for peace. We are convinced that the national dialogue and the construction of a patriotic consensus among the various economic, political, and social sectors will bring us closer to a resolution of the national crisis. Today Duarte and his party have decided to exclude themselves from this great effort of the majority of Salvadorans.

FMLN DENIES CONNECTION TO CAPTURED BUS

PA190354 (Clandestine) Radio Venceremos in Spanish to El Salvador 1830 GMT 18 Mar 86

[FMLN communique issued in El Salvador on 17 March -- read by announcer]

[Text] We have heard the reports on a bus that was allegedly transporting weapons, found in Colomoncagua, Honduras. Regarding this, the FMLN believes that it is important to warn international public opinion because such incidents most certainly represent a farce staged by the Honduran Army and the Central Intelligence Agency, CIA, aimed at:

1. Accusing Nicaragua of providing logistical support to the FMLN in order to get the approval for the aid to the Nicaraguan counterrevolutionaries from the U.S. Congress.

2. Involving Salvadoran refugees in Colomoncagua and forcing them to move from the border area to use this area for military intervention in El Salvador. These refugees have been under constant pressure and repression.

In view of the above, the FMLN hereby denounces the clumsy farce staged by the Honduran Army and rejects all charges against our front. We call on the press to demand proof and unmask this new farce. We hold the Honduran Army responsible for any repressive actions against the Salvadoran refugees as part of this maneuver.

[Signed] FMLN, 17 March 1986

GUATEMALA

HABIB, CEREZO DISCUSS REGIONAL SITUATION

PA190046 Guatemala City EL GRAFICO in Spanish 14 Mar 86 p 2

[By Jose Masariego de Leon]

[Text] Guatemala, 14 Mar -- Dr Philip Habib, the new White House special envoy to Central America, and Guatemalan President Vinicio Cerezo Arevalo met last night for approximately 1 hour at the Presidential House, to analyze the area's problems and bilateral relations between Guatemala and the United States. Habib arrived in the country yesterday afternoon from Tegucigalpa, Honduras. There he met with Honduran President Jose Azcona.

Wearing an elegant gray suit, Ambassador Philip Habib arrived at the Presidential House a little after 1930. He was met by President Cerezo and Deputy Foreign Minister Francisco Villagran de Leon in the Maya Room. Following an hour-long meeting, President Cerezo and Ambassador Habib walked out into the Presidential House's hallway. They gave brief statements to local and foreign reporters.

"I am on a fact-finding tour in Central America, to explore the area situation," Habib said. He remarked that "he harbors the hope that a negotiated solution to the Central American problem may be found, so as to share peace, democracy, and security in the hemisphere."

As he has done in other Central American countries, Ambassador Habib said that "the United States will continue to support the Contadora Group initiative."

Moreover, President Cerezo stated that the talks with the White House's roving ambassador "were informal", noting that "no specific points were discussed." Cerezo noted that the Guatemalan and U.S. Governments are interested in finding adequate solutions to the Central American problems. He then added: "We have welcomed Philip Habib as the new ambassador."

Reagan's special envoy said that after meeting with Cerezo "he has a better understanding of his viewpoints regarding the Central American problems." In his first visit to the region, Habib has visited El Salvador, Honduras, and Guatemala. He is not planning to visit Nicaragua, although he said "that his government believes in dialogue as the means to solve any sort of problem that could lead to a serious situation for the area countries."

COSTA RICAN PRESIDENT-ELECT ARRIVES ON VISIT

PA190001 Guatemala City Radio-Television Guatemala in Spanish 0400 GMT 14 Mar 86

[Text] Costa Rican President-elect Oscar Arias has said with regard to the Central American conflict that his country will maintain a neutral position. He also said that U.S. aid to the anti-Sandinists in Nicaragua is a domestic matter of the United States.

[Begin recording, in progress] [Arias] ...the same one of the current government. We were the first in Central America to speak of neutrality and as perhaps the oldest democracy in Central America to express the desire to seek a negotiated and political solution to the problems of our region. As civilized peoples, we have to find a solution to the existing disagreements at the negotiating table and not through [words indistinct] along with Guatemala we want to maintain that neutrality.

[Unidentified reporter] You are being severely criticized by some U.S. conservatives in view of your (?opposition) to the aid to the anti-Sandinists. You have apparently changed your position. What is your position on this aid to groups that struggle [words indistinct].

[Arias] I do not want to go into this because this is a domestic matter of the United States where there will be a vote on 19 March . [date as heard] You already know my position. It is not a new position. (?Our policy) falls under the banner of peace for my country and Central America, and I have only been consistent with that policy.

[Reporter] [Words indistinct] end the aid to the anti-Sandinist groups?

[Arias] I already....[changes thought] It is not that it should disappear. As I said, that is a decision entirely up to the North Americans. What I said on that occasion was that I would have preferred if that aid were channeled in economic help to the peoples who need it such as Guatemala, El Salvador, Honduras, and Costa Rica. I am not adding anything new. I have said this repeatedly. [end recording]

Shortly after his arrival at the military airport, Costa Rican President-elect Oscar Arias left the installations followed by several vehicles that joined the official retinue.

GEN GRAMAJO SAYS GUERRILLAS LOSING GROUND

PA182207 Guatemala City EL GRAFICO in Spanish 16 Mar 86 p 3

[Excerpt] Guatemala City, 16 Mar -- General Hector Alejandro Gramajo, chief of the Army General Staff, has stated that the guerrillas are experiencing problems now that a democratically elected government has been installed, because the government is more identified with the people's needs. He added: "The guerrillas, however, are still belligerent, but the Army is prepared to fight them, and the democratic government has removed their raison d'etre."

Gen Gramajo also said that some subversive groups still operate constantly in some remote areas of the country and that they terrorize people by taking advantage of the regions isolation. He added that no reports have been received about the existence of subversive activities in the area of the Chixoy River hydroelectric plant. He explained that all these activities are aimed at the country's economic infrastructure to provoke economic problems.

He said that oil activities are a target for the subversives. The Army, however, has been vigilant, and the guerrillas have not been able to operate in this region. He stressed that no subversive actions have occurred at the oil well sites, only near them.

Gen Gramajo said that the Army has always prevented any damage to oil production because oil production and prospecting must continue for the nation's economic growth. For this reason, these activities will rely on the Army's protection.

URNG GUERRILLAS ON RECENT MILITARY ACTIONS

PA162211 (Clandestine) Radio Venceremos in Spanish to El Salvador 1400 GMT 16 Mar 86

[Text] Here is a guerrilla report from Guatemala. The report sent by our brothers in the URNG reads as follows:

Captain Androcles Hernandez Northern Region: At 1800 on 7 March a guerrilla unit of the Commander Marco Antonio Yon Sosa Column of the Mardoqueo Guardado Front occupied the La Esperancita del Rio village located on the northern crossroad in Alta Verapaz. A meeting was held with those present, and after 1 and 1/2 hours our forces withdrew without any problem.

Meanwhile, at 1400 on 9 March, a guerrilla unit of the Jacobo Arbenz Guzman Column of the Luis Francisco Toltov Front occupied the Peru archeological site located in Paso Caballos, San Andres Peten, where a meeting was held with the personnel. The occupation lasted 2 hours during which a 22-cal rifle was seized. After the action, our units withdrew without any problem.

At 0730 on 11 March units of the same column occupied a village on the banks of the Salinas River and held a meeting with the population. After 1 and 1/2 hours, our unit withdrew without any problem.

All of these actions are being carried out within the framework of our political-military operation "In Face of Reactionary Maneuvers, the Revolutionary Truth."

This is the information sent to us from Guatemala by our brothers in the URNG.

HONDURAS

'CONCERN' VOICED ON POSSIBLE CONTRA AID CUTOFF

PA190122 Panama City ACAN in Spanish 0030 GMT 19 Mar 86

[Text] Tegucigalpa, 18 Mar (ACAN-EFE) -- The Honduran Government today expressed concern over the possibility that the U.S. Congress may deny President Reagan's request for approval of $100 million for the anti-Sandinist groups. "It is a delicate matter that we have approached very seriously for the past several months with several governments," Foreign Secretary Carlos Lopez Contreras said after a meeting with ranking Armed Forces officers.

Among participants at the meeting were General Humberto Regalado Hernandez, commander in chief of the Armed Forces, police commander Colonel Wilfredo Sanchez, and other military chiefs who were not named.

Ronald Reagan is facing considerable opposition in Congress for approval this week of a donation of $70 million in military aid and $30 million in "humanitarian" aid for the "contras."

"The case is very delicate" -- the foreign secretary explained -- "and it is not easy to discuss it in detail immediately; a great deal of diplomacy is required, as well as persuasion and a high degree of common sense."

The Honduran foreign secretary's statements are the first since Reagan's speech last Sunday, which defended the need to grant the $100 million to the "contras." George Shultz, U.S. secretary of state, and Defense Secretary Caspar Weinberger recently said that Honduras "will no longer be an obstacle" to the delivery of aid to the "contras," who have their basis of support in Honduran territory, although the government officially denies this. In this regard Foreign Secretary Lopez Contreras said that in the United States "men become very enthusiastic when internal political issues are discussed that concern other nations."

Shultz' and Weinberger's statements were described by the foreign secretary as "simple differences of opinion."

"The topic of economic support for the Nicaraguan rebels for their continued operations has a connotation that leans more toward party policy than international policy," Lopez Contreras said. Lopez Contreras later added that it should not be surprising to hear such statements in support of an internal cause, and these statements were not intended to contradict an official or a foreign government.

MONTOYA DISCUSSES AREA PROBLEMS, NICARAGUA

PA172358 Tegucigalpa Voz de Honduras Network in Spanish 1130 GMT 17 Mar 86

[Interview with National Congress President Carlos Orbin Montoya by Jose Emilio Soriano; date and place not given -- recorded]

[Text] [Montoya] Oscar Arias is a politician who has struggled for many years, and the Presidency of the Republic of Costa Rica represents -- in his case -- the culmination of an effort for which he prepared many years ago. He will be a great president, like others Costa Rica has had, and he is interested in Central American solidarity and the search for peaceful solutions to problems in the region. Consequently, he will further support President Azcona's position concerning the search for peaceful solutions to regional problems.

[Soriano] Doctor, did you discuss the so-called counterrevolutionaries that Costa Rica suspects are operating in its territory?

[Montoya] These topics are always discussed, so we are very interested in quick solutions. The constant presence of armed movements in our country always provokes unrest and concern, and this has dramatic economic and social effects. Consequently, we want to attain a quick solution.

[Soriano] What is your opinion of the statement issued by the president-elect of Costa Rica when asked about his view of the appointment of Philip Habib as new roving ambassador to the Central American area?

[Montoya] Well, I think that we agree, because it proves that negotiations are advocated. It seems that great pressure will be exerted, but there will be a possibility of attaining a negotiated solution. We advocate peaceful solutions.

[Soriano] What is your opinion of the fact that Habib has been appointed roving ambassador while President Reagan continues to exert pressure concerning the $100 million in aid for the contras?

[Montoya] This is [word indistinct]. On one hand, strong pressure will be exerted; on the other, the Nicaraguan Government will be given an alternative, a peaceful solution. Common sense says this solution should be chosen. Only a stupid person would not understand that the message seeks a negotiated solution and the achievement of peace and tranquillity in the region through a democratic government.

[Soriano] Do you think that Azcona should hold a dialogue with the president of Nicaragua as soon as possible, during any of the presidential meetings that are currently being held, to prevent further aggressions against us?

[Montoya] We had the opportunity of talking in Guatemala, meaning President Azcona and the president of Nicaragua. I believe that a dialogue is the only way one can attain peaceful solutions. I sincerely think that Nicaragua has no solution, except a reorganization of that revolution toward pluralism and really free elections. I think Honduras is becoming -- through President Azcona -- a Central American leader because we have a strictly defined position. We do not intervene in Nicaragua's problems, but we want peace in the region and solidarity of its democracies. We sincerely hope that Nicaragua leaves the Soviet bloc and allows a nationalist, pluralistic revolution based on individual rights.

[Soriano] May we surmise from your statements that you think the road to peace in Central America must necessarily pass through Tegucigalpa?

[Montoya] Of course, definitely, yes. However, it must not pass only through Tegucigalpa; it must pass through Managua and include a solution for the Nicaraguan Government.

[Soriano] Nevertheless, Tegucigalpa...[corrects himself] Honduras is in the eye of the hurricane, and it is the country that should be getting most of the United States' military aid.

[Montoya] No, not only Honduras. I believe that El Salvador gets even more aid.

[Soriano] Economically speaking?

[Montoya] Economically and militarily speaking. However, we want to live in peace; we want to live in a society in which the enforcement of the law is the norm for all citizens' conduct. We are not interested in waging a war against anyone. However, we are not indifferent to regional problems, either. We will struggle for a peaceful life, the strengthening of Contadora, and a negotiated solution.

EDITORIAL VIEWS GOVERNMENT'S 'HYPOCRISY'

PA162208 San Pedro Sula TIEMPO in Spanish 10 Mar 86 p 6

[Editorial: "Hypocrisy's Torn Veil"]

[Text] Coinciding with U.S. Deputy Secretary of Defense William Howard Taft IV's visit to Tegucigalpa, U.S. Defense Secretary Caspar Weinberger neatly stressed Honduras' direct and active participation in the U.S. aggression against Nicaragua.

Weinberger's statement -- at no less than the U.S. House of Representatives -- was in response to the Republican Party Congressman Bill Dickenson, who pointed out the incongruity of the Reagan administration's request for $100 million in military aid for the "contras" while not one Spanish American country in this region would accept this as either appropriate or fair.

According to the international Press Service (IPS), Weinberger answered that Honduras is doing much more than standing up and asserting "something." He added that Tegucigalpa's aid "is much more effective than simply a public statement."

IPS added: "The defense secretary's comments broke a rigid U.S. State Department policy that refuses to publicly discuss the roles played by Nicaragua's neighboring countries, Honduras and Costa Rica, in Washington's efforts to destabilize the Sandinist government."

"This rigid policy is largely the result of the acknowledgement of the sensitivity of the Tegucigalpa government, which for a long time refused to admit the presence of contra camps on its territory."

Something more than this policy has been broken with the U.S. defense secretary's revelation, earlier asserted by U.S. Secretary of State George Shultz, and that is the veil of hypocrisy of the previous and current Honduran Government and the Armed Forces. This not only causes indignation among our people, but covers us Hondurans with shame throughout the world.

While deputies entertain themselves in San Pedro Sula by attending an AID workshop to serve as their training to be deputies, a foul-smelling action by the Honduran Government, which has acted illegally without our Legislative Assembly's authorization, has been uncovered by the U.S. Congress.

In accordance with Honduran law, no foreign military force can be in our territory without authorization from the National Congress, much less, if these forces are mercenaries and attack a state with which we have relations of all kinds and whose government we have fully recognized.

In the National Congress, however, no debate has been held thus far on this issue of prime importance for the nation, which speedily leads us to war with Nicaragua. The issue is clear and President Reagan presents it like this. The $100 million for the "contras" is the price that the U.S. people must pay so the U.S. soldiers do not die in a struggle that belongs exclusively to the Reaganites. Then, let the ugly die, as the song goes.

We Hondurans must understand -- and above all the Armed Forces -- that the escalation of this war will get us fully involved directly or indirectly, with or without American soldiers.

The National Security Council, which had not met since roving Ambassador Shlaudeman's visit and on the occasion of Deputy Secretary Taft's arrival, naturally discussed this topic that has cooked the White House's brains. [as published] Surely, this is to trip up Costa Rica and its accord with Nicaragua to control -- through Contadora -- their common borders and, above all, to enhance Honduras' "effective" participation in the U.S. aggression against Nicaragua.

To top it off, the new foreign secretary continues to repeat the same catchphrases.

When he left the National Security Council meeting he said: "Officially, the Honduran Government has not authorized any group or foreign government to channel any type of aid for rebels in other countries.". What about unofficially? It is well known that the "contras" are here.

"The Honduran authorities, however, are concerned about insurgent groups using this territory," although the well-known excuse is presented: We have a very long border that is impossible to guard. Thus, war is on its way.

LOPEZ ON RESIGNATION, CONTRAS, U.S. PRESENCE

PA180455 Teguigalpa Voz de Honduras Network in Spanish 1130 GMT 17 Mar 86

[Interview with General Walter Lopez Reyes, former commander in chief of the Armed Forces, by Jesus Velez Banegas; in San Pedro Sula on 16 March -- recorded]

[Text] [Velez] General Walter Lopez Reyes, former commander in chief of the Armed Forces, came to San Pedro Sula yesterday. He issued exclusive statements to us and revealed that he had presented a request last week to the new commander in chief of the Armed Forces that he be allowed to retire from the Army. Walter Lopez Reyes asserted that he will work in a fumigation company headquartered in San Pedro Sula, adding that he and his entire family will move to the northern sector of the country. Here is his statement on this matter:

[Lopez] I sent a letter to the commander in chief. I sent it recently, on Wednesday or Thursday last week; I am waiting for a reply, after it is taken through the usual channels.

[Velez] He said in a statement that if you presented the request they would gladly approve it. Does this imply that you are [word indistinct] from the Army in a certain way?

[Lopez] No, absolutely not. I repeat that all this was my decision. I continue to have good friends, good comrades in the Armed Forces. I believe there is no estrangement; quite the contrary, in my position as a citizen and reserve member it is my duty to cooperate with them in the future as much as I can.

[Velez] It is being hinted that you might one day become a politician, aligned to any of the traditional parties. Have you received offers from any of them?

[Lopez] Well, in principle I do not talk about politics when I am at a sports center. Second, I have no plans to participate in politics for the time being.

[Velez] The last time I interviewed you, you said that you opposed the presence of foreign troops in this country. Could it be possible that these statements, which were publicized by the news media, hastened your departure from the Armed Forces?

[Lopez] No, I do not think so. I do not recall having said that I opposed [the presence of foreign] troops here. I have always said that I respect the Constitution, which states that the only Army that should exist here is the Honduran Army. However, we most definitely remember that we have close links with the United States; they are advising us in joint training, exercises, and plans. Logically, this makes it necessary to have the Americans in our country. There are some agreements and protocols at the National Congress, and I think that they will review them; we sent them during the last administration. Some of these might still be at the foreign secretary and Armed Forces headquarters for review.

However, they will soon be taken to the congress for analysis, to ascertain what their goals are, because they simply represent a review of the 1954 agreement. In addition, I think that the Armed Forces are carrying out their work according to the current government's policy and the Constitution of the Republic.

[Velez] There are people who think that a campaign has been launched against the Honduran Army and U.S. Army, because reports are being issued about yellow rain and AIDS cases in Palmerola ...[corrects himself] in Comayagua, specifically. You have an analytical mind and have lived within the Armed Forces. What can you say about this?

[Lopez] I think all these reports are worrisome. I cannot tell you if this is a campaign organized to discredit the U.S. Army and the Honduran Army, because the left will avail itself of every mistake democracy makes. Therefore, I think the top-level authorities of the government and the Armed Forces should order a thorough investigation of what is taking place, and then inform the citizenry and the various news media of the results of this investigation, to calm our people down. However, the people and the various authorities must also be careful to avoid issuing hasty statements, because they could make a mistake, and the left will always avail itself of these situations.

[Velez] The presidents of Costa Rica and El Salvador have stated their interest in following a policy of contacts with the guerrillas. It is being requested [corrects himself] Duarte has requested a meeting with his [corrects himself] with the guerrillas in the country. The problem is that he says that Nicaragua, meaning Ortega, should talk with the Nicaraguan contras, in an attempt to bring peace to the Central American area. Do you think that the crisis in the area can be overcome?

[Lopez] I would not like to give my opinion on international politics right now. I have my own concepts; I have my own opinion on this. However, I would like to stress something; I am still on active duty. Likewise, I would not like to issue my opinion as a citizen because this [changes thought] logically, the president and the foreign secretary should be the ones to issue the official version of what seems to be happening in the area, and whether such and such president should talk with such and such subversive group. I repeat, I will try to issue a much clearer statement as an average citizen in the near future.

[Velez] Do you still maintain your friendship with Azcona Hoyo?

[Lopez] Yes, definitely. I feel respect and esteem for him. He is the citizen the Honduran people chose and, since he has the responsibility for leading the country, every Honduran citizen has the duty to help him so that our country does not fail.

ARMY SEIZES BUS WITH HIDDEN WEAPONS

PA190353 Tegucigalpa EL HERALDO in Spanish 17 Mar 86 p 2

[Text] The Armed Forces will present to national and foreign reporters today a bus seized in Colomoncagua, Intibuca Department, where ammunition and weapons, supposedly for Salvadoran guerrillas, were carried.

Preliminary reports indicate that the vehicle was seized over the weekend. After a thorough search, lethal weapons were discovered hidden inside.

The national authorities, in addition to this action, have carried out several seizures of weapons destined for the FMLN, a guerrilla organization that has been using our territory to subvert order in El Salvador.

The number of people detained has not yet been disclosed. Colomoncagua, in the country's west, is located 2 km from the Salvadoran border. There are about 15,000 Salvadoran refugees in this sector.

NICARAGUA

ORTEGA CRITICIZES U.S. DEBATE ON CONTRA AID

PA180257 Managua Radio Sandino in Spanish 1300 GMT 16 Mar 86

[Text] Yesterday in Stockholm President Daniel Ortega criticized the U.S. Congress debate on President Reagan's plan to grant $100 million in aid to the Nicaraguan counterrevolutionaries.

Ortega, who is in Sweden to attend the funeral of pacifist Olof Palme, met with Spanish Prime Minister Felipe Gonzalez. Following the meeting, Commander Ortega told a group of Spanish reporters that the U.S. Congress debate on the aid for the contras is immoral. The matter under debate in the United States runs counter to the international legal system and the principles of the U.S. Constitution; it is something immoral, said Ortega.

Returns From Sweden

PA181823 Managua Radio Sandino in Spanish 1751 GMT 18 Mar 86

[Communique No 14 issued by Information and Press Directorate of the Presidency; no date given -- read by announcer]

[Text] The Information and Press Directorate of the Presidency of the Republic announces to the people of Nicaragua that Commander of the Revolution Daniel Ortega Saavedra, president of the Republic and coordinator of the FSLN's Executive Commission, returned to the country this morning from Stockholm, Sweden where he attended the funeral of Prime Minister Olof Palme. In the Swedish capital President Ortega met with political and religious leaders of various parts of the world who attended the funeral of Comrade Palme. Upon his return he resumed the duties corresponding to his high position.

RAMIREZ CRITICIZES U.S. 'MERCENARY WAR'

PA181824 Panama City ACAN in Spanish 0201 GMT 18 Mar 86

[Text] Managua, 17 Mar (ACAN-EFE) -- Today, Nicaraguan Vice President Sergio Ramirez Mercado harshly attacked the "mercenary war" being waged by the United States against Nicaragua and those that encourage that war against the people. During the opening of the 20th Meeting of Agrarian Reform of Central America and the Dominican Republic in Managua, Ramirez criticized those who "do not pursue the people's interest" and who only "encourage war."

Jaime Wheelock, Sandinist agricultural development and agrarian reform minister, Central American delegates, and Nicaraguan peasant representatives attended the event.

Sergio Ramirez said that it is up to Central Americans to seek the "bases for the peace and understanding in the long run." When defining Sandinist foreign policy, the Nicaraguan vice president affirmed that Nicaragua advocates "the people's self-determination and political resolution of conflicts." Ramirez harshly attacked what he called the "mercenary war imposed by the Reagan administration" on Nicaragua and, in particular, on the peasants who are enduring the rebels' aggression. The Sandinist vice president pointed out that Nicaraguan peasants have been the most affected by the U.S. "war of aggression" because "the mercenary attacks are carried out in the countryside." Ramirez said: "Despite that immoral war against the Nicaraguan people, we are defeating the mercenaries directed by the Reagan administration."

The U.S. Government is confident that it will obtain $100 million from the Congress for the anti-Sandinist rebels, who "are being virtually defeated," according to the Sandinists.

Sergio Ramirez told those attending the agrarian reform event that despite the war "we have not stopped looking to the future, as you can see by the agro-industrial projects developed in our country." The leader pointed out that up to now, the revolution has distributed some 189,000 hectares to some 75,000 peasant families, and added that it will continue to increase land distribution. Ramirez added that the Sandinist policy is to do justice to the peasants by giving them land to farm.

The Sandinist Assembly, the consulting body, issued a statement this weekend calling for the strengthening of the "alliance" between the revolution and the peasants. Top Sandinist leaders had called an emergency meeting of the FSLN consultive body, composed of some 100 members, to analyze the national situation and the peasants' land problems.

ASSEMBLY APPROVES LETTER TO U.S. CONGRESS

PA190103 Managua BARRICADA in Spanish 12 Mar 86 p 5

[Excerpts] "Today we will call roll and each one will answer yes or no." Commander Carlos Nunez yesterday surprised more than one with those words, when for the first time in the history of the National Assembly a vote was conducted that allowed everyone to learn the political position of each parliamentarian from their own mouth.

The legislators had spent 1 and 1/2 hours discussing a proposed statement presented by the Popular Social Christian Party [PPSC] and supported by the Nicaraguan Socialist Party [PSN] for the Nicaraguan Parliament to condemn a request for millions of dollars in aid for CIA mercenaries from the U.S. Congress.

There were many firm yeses, other yeses with reservation, five no's, and six hesitant abstentions that resulted in an approval by majority, that is, 74 votes in favor. However, above all, the individual attitude of each representative was clearly exposed, or as some reporters said: "We clearly saw who is who."

The debate on a statement that will be personally handed to U.S. Congress members began with the PSN opinion expressed through its representative Adolfo Evertsz: "Reagan's $100-million request for the contras constitutes a green light for a future open military intervention."

The letter, which also reiterates the commitment of the representatives to continue "discussing the political constitution draft bill until its final approval by this assembly," faced a first and ardent opponent: Independent Liberal Party [PLI] leader Virgilio Godoy, who for several minutes called "for the condemnation of all kinds of intervention taking place in Nicaragua...whether U.S., Soviet, Cuban, or whatever."

Next, on behalf of the FSLN, Commander Dora Maria Tellez pointed to "memory problems" in the vehemency of the Liberal politician. She said: "Dr Godoy missed the target, because unlike the Cuban people, the U.S. Government has not provided doctors, teachers, or advisers to defend national sovereignty, but it has provided bullets, weapons, and bombs to murder our people."

Commander Nunez believed that he felt the presence of the infamous anticommunist Yankee Senator Eugene McCarthy [as published] in the session room. He expressed that feeling before the plenum by pointing out that President Reagan is trying to revive McCarthyism to obtain the $100 million while certain people are trying to cover their eyes at the Nicaraguan Parliament.

The assembly president added that beyond the approval of the $100 million, "Reagan is trying to progressively involve the Congress in his aggressive war to bring about an escalation of the war." He asked the parliamentarians to focus on the content of the letter.

However, these words apparently did not convince Conservative Eduardo Molina, who in one of his habitual outbursts said that there is a "civilian war" going on in Nicaragua, because there is "violence from both sides." He defended Bishop Pablo Vega "who has been slandered by the media." As for the anti-imperialist statement, Molina said "we will only sign it if the FMLN repeals the state of emergency and ends the state-party-Army confusion!"

Godoy lit his 10th cigarette of the morning and spoke again. He denounced what he called "parliamentarian divisionism." Godoy said that the statement to the U.S. Congress is "an ambush" against "those who oppose this constitutional process," because Point Three of the letter reaffirms support with the drafting of the political constitution. In addition, he insisted "that the PLI wants peace" and that in Nicaragua "other undesirables are also present."

At 1230 Commander Nunez said that the resolution had been discussed enough. Godoy quickly asked for the floor and announced: "We will vote, but with reservation on Point Three referring to the support of the constitutional process."

The original voting style, which is new to all in the National Assembly, was conducted. One by one the parliamentarians said yes or no to the proposal.

Liberal Carlos Alonso delivered the first surprise. Contrary to the line established by Godoy, he voted with a firm yes. The first no came from Conservative Castillo who also showed disagreement with other Democratic Conservative Party of Nicaragua [PCDN] members who abstained; the first one to do so was Cordova Rivas. When Eduardo Molina's turn arrived, he squirmed in his seat, looked around, and many seconds later, he hesitantly said "I abstain."

Besides Castillo, the other conservatives, Gustavo Mendoza, Ulises Teran, Felix Pedro Espinosa and Sotelo [Borgen], also firmly rejected a condemnation of the new U.S. aggression. Other PCDN members, namely Lucas Urbina, Mercedes Chamorro, Jose Quintanilla, and Isidro Tellez, also abstained. Tellez claimed "style problems" in the drafting of the letter.

In addition, a draft bill sent by the Presidency of the Republic to protect state secrets was sent to a commission to be analyzed. More about this bill will be revealed in upcoming sessions.

TUNNERMAN SENDS LETTER TO U.S. LEGISLATORS

PA190112 Managua Radio Sandino in Spanish 0000 GMT 19 Mar 86

[Excerpt] If the U.S. Government stops the aggression against Nicaragua, the state of emergency would be lifted, freedoms would be restored and amnesty would be decreed for all the counterrevolutionaries, Carlos Tunnerman, ambassador to the United States, said in a letter addressed to the U.S. Congress.

Denies Reagan 'Assertions'

PA181426 Managua Radio Sandino in Spanish 1330 GMT 18 Mar 86

[Text] In Washington, Ambassador Carlos Tunnerman again denied President Reagan's assertions in Sunday's speech to the effect that the Sandinist government has permitted the establishment of air and naval bases in Nicaragua. Tunnerman said that this is a maneuver of the Reagan administration to justify the approval of $100 million for the Somozist contras.

Radio France International stated in its broadcast early this morning that Ambassador Carlos Tunnerman had said that the fate of the Nicaraguan Sandinist revolution is not at stake in the U.S. capital and instead that it is the authentic revolutionary expression of the Nicaraguan people.

CHRISTIANS BEGIN PROTEST FAST AT U.S. EMBASSY

PA181652 Managua Domestic Service in Spanish 1550 GMT 18 Mar 86

[Live "mobile relay" from area in front of U.S. Embassy in Managua]

[Text] There is a protest demonstration underway in front of the U.S. Embassy in Managua. It is being staged by grass-root Christians. Father Rafael Aragon will explain how long it will last as it is some kind of a vigil:

[Aragon] This activity is closely linked to all the events carried out after Father Miguel D'Escoto's fast as a protest to report everything that involves the state terrorism and attitude of the U.S. Administration against the Nicaraguan people. This is being done so that Christians also become aware of the situation being experienced by the people. It is a situation of much death, pain, and suffering, and we feel that the gospel commits us to defend life, peace, and justice.

This is a group of Christians who are linked to the grass roots communities of Managua and who think that today is a very important day to express our faith in the defense of life and to clearly report the attitude of the U.S. Administration, on the eve of 19 March [date as heard] when new aid to the counterrevolution is requested.

The church could not remain silent, and as there has been great silence on the part of the Catholic hierarchy, and we have (?not been able) to get the bishops to adopt a more courageous attitude to report the U.S. policy in regard to Nicaragua, we think that the Catholic people have the obligation and the need to report this attitude and express opposition to this new aid for the counterrevolution. That is why we are here. We will remain here fasting all day long in front of the U.S. Embassy. We will conclude the day at 1800 with a station of the cross service.

We invite all Catholics and the people of goodwill to participate in this station of the cross at 1800 to denounce this request for aid that we believe is illegal, unjust, and immoral which threatens the life of the people of Nicaragua who are hurt by the counterrevolution.

AMBASSADOR TO MEXICO ON U.S. AID TO CONTRAS

PA181452 Managua Radio Sandino in Spanish 1300 GMT 18 Mar 86

[Text] The economic aid that Reagan wants to provide to the contras will be (?useless) because the Sandinist revolution, which is supported by the majority of the people, will not be destroyed by a group of mercenaries, Nicaraguan Ambassador to Mexico Edmundo Jarquin has stated.

Jarquin said that the fact that Reagan has turned the case of Nicaragua into a personal obsession is [words indistinct] because this causes great tensions in international relations. It is very worrisome for the international community that Reagan, the president of a powerful country such as the United States, has turned the case of Nicaragua into a personal (?obsession), Jarquin said. He added that in this way the president loses political leeway [espacio politico] and flexibility and introduces a very dangerous rigidity in international relations. Jarquin reiterated that the obsessive U.S. policy against Nicaragua has prevented the resolution of the armed conflicts in Central America and the success of the Contadora Group's peace efforts.

AMBASSADOR TO PERU THANKS GARCIA FOR STATEMENTS

PA181955 Managua Radio Sandino in Spanish 1300 GMT 16 Mar 86

[Text] Ambassador to Peru Mauricio Cuadra yesterday stated in Lima that his country would also break diplomatic relations with the United States if it attacks Peru because such an action would also be an attack on Nicaragua. Reports from Lima indicate that the diplomat expressed the Nicaraguan Government and people's esteem and solidarity with Peru in thanks for the gesture of Peruvian President Alan Garcia, who announced during his official visit to Buenos Aires that if U.S. forces invaded Nicaragua, he would break relations with the aggressor power.

Ambassador Cuadra expressed confidence that Garcia's decision would be followed by other honorable governments of Latin America and the world. He said that the discussion itself in the U.S. Congress for the allocation of $100 million to help the Nicaraguan contras constitutes an intervention.

AMBASSADOR TO COLOMBIA DENIES TIES WITH M-19

PA181502 Managua Radio Sandino in Spanish 1300 GMT 18 Mar 86

[Text] Ambassador to Colombia Francisco Quinonez today denied the Colombian defense minister's statement that Alvaro Fayad, the late leader of the M-19, was planning to travel to Nicaragua. There are no ties between the Nicaraguan Government and the M-19, the Nicaraguan diplomat said when he was asked about General Miguel Vega's statement that Fayad was going to travel to Nicaragua. We have not issued a visa to Mr Alvaro Fayad, Quinonez insisted, adding that there are no links between the Sandinist government and the Colombian guerrilla movement as the Reagan government is asserting.

AMBASSADOR TO LIBYA ON SOLIDARITY, TRADE

PA181636 Managua Radio Sandino in Spanish 1930 GMT 17 Mar 86

[Text] Ambassador to Libya Chester Simpson has said that Colonel Qadhdhafi's government has ratified its desire to expand its trade relations with Nicaragua. Simpson said that the trade agreements between the two countries include bananas, coffee, cotton seed shipments, and that Libya is interested in purchasing Nicaraguan tobacco. Simpson added that in the political field, the Libyan Government and people are closely following the Nicaraguan situation, considering that part of the bonds uniting the two countries are [word indistinct] of the interventionist policy of the U.S. imperialism in its attacks against the two countries.

[Begin recording] Libya's solidarity with Nicaragua is expressed through daily reports to the Libyan population on the events taking place in Nicaragua, a victim of U.S. attacks. It is wonderful to see that the Libyan people greatly sympathize with the Nicaraguan people by transmitting this information through the various means available. This solidarity is evident, because when our delegation...[changes thought] when people pass by our embassy, they express this solidarity in many ways.

We must also view Libya's solidarity with Nicaragua within the framework of the purchasing of our products by that country. Last year we sold them bananas, coffee, and cottonseed; and they are interested in buying other products that would greatly help Nicaragua's economy in facing the current attacks. While our enemies are tyring to destroy our feeble economy, the Libyans are trying to help us, which contravenes the concepts that many have about Libya. Considering that our products are being sent to a distant area -- geographically speaking -- we appreciate this solidarity even more, because our products are accpeted and appreciated no matter how they arrive, as they are aware of our government's efforts to deliver our products in the best way.

At the time of the crisis provoked by the U.S. 6th Fleet, the Libyan people compared their situation with the situation that the United States has created and is maintaining in Nicaragua. We are in this position because our enemies do not want us to help our people. However, based on the principles of the revolution, our government is trying to improve living standards, as well as the health and educational levels of our people.

The basis for the mutual solidarity between Libya and Nicaragua are the current diplomatic relations. Our two countries are more or less at the same level of development. [end recording]

EPS TROOPS MOVE NORTH TO FACE CONTRA ATTACK

PA190423 Paris AFP in Spanish 0230 GMT 19 Mar 86

[Text] Yalaguina, Nicaragua, 18 Mar (AFP) -- On Tuesday, a column of armored personnel carriers, filled with soldiers of the EPS left the city of Esteli heading toward several points in northern Nicaragua to repel a possible rebel offensive in the border area with Honduras.

The unexpected EPS deployment came shortly after a group of at least 150 rebels destroyed an electric substation in Yalaguina, a jurisdiction in northern Madriz Department. This is the first major action the contras have undertaken this year. As a result of the counterrevolutionaries' attack, approximately 150,000 residents of the country's Region No 1 (Esteli, Nueva Segovia, and Madriz) were without electricity.

At dawn today, at least one dozen armored personnel carriers and eight trucks were climbing up the steep hills that characterize the winding Panamerican Highway leading from Esteli, Nicaragua's major northern city, toward the Honduran border in view of the threats of a big rebel offensive.

"We cannot say where we are headed to," an EPS soldier told reporters at the start of their journey.

In that zone, rumors began circulating that several thousand "contras" were preparing to infiltrate the area near the Jalapa border region in Nueva Segovia Department. On Tuesday of last week, a rebel commando destroyed seven tobacco warehouses there, an equal number of trucks, and other installations. Yalaguina's militiamen said that the situation along some border points "is very hot," confirming recent constant clashes near Jalapa, Somoto, and near the beach, a small area which last week was the target of a frustrated rebel attack.

The increase in anti-Sandinist actions is taking place practically on the eve of the U.S. Congress' debates on President Ronald Reagan's request for $100 million in aid ($70 million of it for military purposes) for the Nicaraguan contras. Near the Condega village, 40 km from Esteli, a great number of heavily armed EPS soldiers could be seen.

Sources close to the Nicaraguan Government fear that the rebels may launch "spectacular" actions in the next hours, similar to the operation against the Yalaguina electrical substation, which was practically left in ruins after the surprise attack early this morning. Today's attack lasted 3 hours, until the 45 militiamen who were guarding the area were overrun by a larger number of contras.

Stationed in the hills surrounding the plant's installations, the rebels used mortars, grenade launchers, and rifle fire. As silent witnesses of the clash, tendrils of smoke were still coming out of the plant many hours later. As a result of the clash, one militiaman and one expert [tecnico] were killed. Meanwhile, it was reported that in the rebel lines the chief of one column was killed, one contra was captured, and several more were injured.

So far, two departments (Nueva Segovia and Madriz) and part of Esteli were without electricity because of the attack. An official of the Nicaraguan Institute of Energy (INE) said that electric service for the three departments affected by the rebel action could go back to normal "perhaps" in 10 days.

The contras' actions had dwindled in the past 6 months after failed attempts in August and November to occupy northern towns in La Trinidad and in Santo Domingo, as well as in the country's southeast, where the EPS routed them when the awesome Soviet-made MI-24 helicopters were put into action for the first time.

BOS TO ASK FOR 2-MONTH FREEZE IN CONTRA AID

PA182025 Panama City ACAN in Spanish 2013 GMT 18 Mar 86

[By Juan Ramon Rojas]

[Text] San Jose, 18 Mar (ACAN-EFE) -- The anti-Sandinist Southern Opposition Bloc (BOS) will ask the Reagan administration to freeze the military aid for the contras for 2 months if it is approved this week, the BOS announced here today.

Alfredo Cesar, of the executive committee of this anti-Sandinist coalition, said that this proposal, which will be presented today to the White House, has the objective of establishing a waiting period for the initiatives for dialogue recently presented in Central America.

The BOS is made up of ARDE, headed by Eden Pastora, and is fighting in southern Nicaragua, and several political forces of the anti-Sandinist opposition. Among these initiatives Cesar cited the proposal for a dialogue made by six political parties of the internal Nicaraguan opposition in late January and the meeting of Central American presidents, scheduled for May in Esquipulas, Guatemala. He also mentioned the proposal made by Salvadoran President Jose Napoleon Duarte to hold simultaneous dialogues between his government and the FMLN guerrillas, and the Sandinists with the armed "contras."

The leader of the Southern Opposition Bloc (BOS) said during a press conference that he has full confidence in these three proposals that would contribute to a political solution to the internal conflict in Nicaragua. Cesar said that the BOS proposals call for the freezing of only the $70 million in military aid, while the remaining $30 million in "humanitarian aid," of the $100 million being requested by President Ronald Reagan from the U.S. Congress must be paid after it is approved.

The anti-Sandinist leader said that this proposal has not been revealed to the other opposition bloc, the Nicaraguan Opposition Union (UNO), led by Alfonso Robelo, Arturo Cruz, and Adolfo Calero. Calero is commander in chief of the FDN, the organization that has monopolized almost all the U.S. aid that has been disbursed to date. He explained that his group firmly supports the U.S. President's initiative, on the condition that the $100 million is "equitably distributed" among all the anti-Sandinist groups. He recalled that "BOS did not get a single cent" of the last $27 million in "humanitarian aid" approved by the U.S. Congress. Instead, the UNO benefitted from it.

Cesar said that there is a "key coincidence" among the Nicaraguan "contras", the Latin American governments, and the U.S. Administration: "The need for Nicaragua to comply with the commitments it made at the OAS in 1979, regarding political pluralism, mixed economy,and nonalignment in foreign policy."

Meanwhile, Jose Davila, also of UNO's executive committee, said that currently "a democratic agreement that would allow us, if we triumph, to establish a democratic regime" in Nicaragua is being negotiated. The BOS and the UNO have held those talks in Washington.

Davila said that this "democratic agreement" is aimed at laying the foundations "to prevent the installation of a new dictatorship and to put an end to the history of wars in Nicaragua."

"We are working on the final details on how we are going to coordinate actions in the military and diplomatic fields," he said, adding that they hope that the agreement will be followed by the approval of the aid requested by President Reagan for the "contras."

NONALIGNED PRESS AGENCY DELEGATES MEET IN HAVANA

FL181842 Havana Radio Rebelde Network in Spanish 1700 GMT 18 Mar 86

[Text] Our work is directed at making the pool of news agencies a practical tool at the service of underdeveloped nations, Cuban Foreign Minister Isidoro Malmierca said this morning in his opening remarks at the 11th meeting of the Coordinating Committee of the Nonaligned Countries Press Agencies Pool, being held at Havana's Palace of Conventions. The Cuban foreign minister said the nonaligned pool has promoted national policies in the sphere of information. Malmierca noted that the fact that Third World countries have only 10 percent of the technological network preparing and transmitting messages was not only technological dependence but also part of a historic and political phenomenon.

[Begin Malmierca recording] Your presence here demonstrates the importance that Nonaligned Countries atrribute to the communications problems existing among our peoples. We begin this meeting less than 6 months before the eighth Nonaligned Countries summit conference, which will be held in Harare, Zimbabwe, and it is necessary to contribute to the preparation of its agenda, ensuring the broadest dissemination of and impact on international public opinion of the conference's decisions. [end recording]

Remarks welcoming the almost 50 delegations attending the meeting of Nonaligned Countries press agencies were made by PRENSA LATINA Director Pedro Margolles.

[Begin Margolles recording] This great interest, demonstrated by the long journey most of you had to make to come here, has been recognized by the other Latin American countries which are members of the Nonaligned Movement. [end recording]

The opening session is continuing. In addition to Malmierca, the current chairman of the pool of press agencies, (Bashir Towal), and PRENSA LATINA Director Pedro Margolles, Guyana's Foreign Minister Rashleigh Jackson also sat at the presiding table. The general conference of Nonaligned Countries press agencies will begin on Thursday.

INNOVATORS, EFFICIENCY EXPERTS WORKING IN ANGOLA

FL181815 Havana Television Service in Spanish 1700 GMT 18 Mar 86

[Text] The first committee of the Cuban National Association of Innovators and Efficiency Experts [UNIR] in the People's Republic of Angola began working at the main equipment headquarters of the affiliate of the Union of Caribbean Construction Enterprises, UNECA. The group is composed of 18 technicians and specialists from the mechanization workshop of that base. Expansion is expected to contribute to economic efficiency, conservation of raw materials, and Cuban internationalists' productivity in the construction area.

The UNIR, which is at the central mechanization base, situated in the (Zaprel) area in Luanda, is responsible for a workshop with 25 Angolan students who receive training in theory.

COMMENTARY REJECTS BAKER PLAN CAMPAIGN

PA190009 Havana International Service in Spanish 0000 GMT 15 Mar 86

[Station commentary, read by Maruja Garcia]

[Text] In April the United States will again try to sell to Latin America the so-called Baker Plan as an alleged solution to the crisis that has been generated by a foreign debt that already totals $370 billion. According to reports, the Yankee plan will again be discussed in Washington during the meeting of the IMF Interim committee scheduled for next month.

The Baker Plan promises to grant the 15 most heavily indebted countries credits totaling a mere $29 billion from 1986-1990, which is supposed to be supplied by the transnational banks, the World Bank, and the IDB. It must be remembered that the Baker Plan contains nothing new, much less does it offer any solutions. Latin America must pay $40 billion annually to its creditors in interest alone. This is double the amount that Washington is offering for 3 years as a miraculous solution to the regional debt.

The Baker Plan suffered a crushing defeat when it was first revealed months ago. The Latin American countries with the largest foreign debt, which are granted priority in this malformed U.S. brainchild, concluded that the plan is incomplete and insufficient. A similar view was expressed by the Latin American Parliament, the Cartagena Consensus, and the Latin American Economic System, which also regarded it as harmful to the regional economies. The United States has again come out fighting with the Baker Plan as its weapon, and it would not be risky to say that it will have to pick up again its brilliant ideas and take them back home. Latin America knows, and has been demonstrating it, that simple bandages will not cure an illness that requires deep and radical surgery.

HAVANA TO OBSERVE DEFENSE DAY 23 MARCH

FL182334 Havana Radio Rebelde Network in Spanish 2300 GMT 18 Mar 86

[Text] In Havana City Province thousands of persons will participate in the next defense day, which will take place on Sunday, 23 March. Among the planned activities are the checking of the sole system of exploration and the checking of the material reserves of the FAR, which are at the disposition of the Councils of Defense in each town.

The program also includes checking the combat readiness of the territorial troops militia in Cotorro, Lisa, Boyeros, Cerro, San Miguel del Padron, Havana del Este, Regla, and Havana Vieja. There will also be training exercises in the defense zones of various Havana municipalities and ceremonies marking the beginning of the year of instruction in the municipalities of Playa and Plaza de la Revolucion.

The party leadership has called on the commanding officers of the Councils of Defense, the militiamen, the workers, and the people in general to observe punctuality and organization and to make good use of this coming Sunday, 23 March.

CENTRAL BANK SAYS ECONOMY CONTRACTED IN 1984-85

FL190146 Santo Domingo LISTIN DIARIO in Spanish 6 Mar p 1 D

[Text] At the end of 1985, the preliminary results of the real economy indicated a contraction of the level of economic activity, measured by the real gross national product, GNP, of about 1.2 percent. These results were expected because of the extensive reforms initiated on 23 January 1985 within the context of the rigorous adjustment and stabilization program, according to the annual report of the Central Bank.

The domestic sector is clearly depressed, the most important productive sectors had a negative growth rate resulting in a drop of the GNP to the level of 1970.

Agricultural and livestock earnings decreased 2.3 percent, according to the Central Bank. This decrease is explained by increases in the price of imported products used in agricultural and livestock production because of the unification of the exchange rates of the official and parallel markets, which determines the amount of taxes to be paid on purchases made abroad.

The Central Bank also refers to the drop in agricultural productivity due to the drought in April-June and to the later, unexpected increase in rainfall.

Agriculture and livestock raising showed decreases of 3.7 percent and 0.6 percent, respectively.

Manufacturing, construction, trade, and transport has negative growth rates of 4.0 percent, 8.5 percent, 2.2 percent, and 2.5 percent respectively, because of increases in their operating costs. Nevertheless, the Central Bank points out the existence of other sectors within the gross product that showed positive growth. This positive growth was incapable of reversing the tendency of the GNP because the sectors involved represent a small percentage of the GNP.

At the end of 1985, the annual accumulated inflation rate was 37.0 percent although a higher inflation rate had been forecast.

Notwithstanding the expansive effect the unification of the exchange rates may have had on the money supply, the money supply increased only 13.6 percent in 1985, whereas in 1984 it had increased by 31.6 percent (when there was still parity between the Dominican peso and the U.S. dollar).

Credits granted to the public sector by the Central Bank and the reserve bank were 192 million pesos below the limit established in the adjustment program. The growth of credits was reduced to a rate of 1.6 percent [no time frame given]. The total lent in 1984 was 1,812.2 billion pesos, and in 1985, 1,618 million pesos.

Gross international reserves reached $397.1 million, which was the highest in the last 5 years. This represented an increase of $94 million over the level achieved in 1984, which was $303.1 million, even though overdue debt payments of $106.2 million had been made. Thus the limit of $105 million fixed by the IMF for the year was exceeded.

The net international reserves, defined in the IMF agreement, showed negative growth of $249.2 million on 31 December 1985 which, compared with the 1984 figure of $335.9 million, represented an improvement of $86.7 million, which was $18.6 million more than the limit set by the IMF.

On 31 December 1985, the net domestic credit for deposits made to the public sector [el credito interno neto de depositos al sector publico] by the Central Bank and the reserve bank totaled 1,622 million pesos, which was 190.2 million pesos less than in December 1984.

The Central Bank reduced its domestic financing by advances and rediscounts by 10 percent for the commercial banks and 5 percent for the development banks [banca de desarrollo], in observance of one of the main goals enunciated by the monetary board in 1985. Thus, advances and rediscounts as of 31 December 1985 totaled 514.6 million pesos, which was 33.6 million pesos less than in December 1984, when they totaled 548.2 million pesos.

According to preliminary figures, by the end of 1985, the average money supply was 1,368.2 pesos, and the balance [saldo] was 1,644.3 million pesos, which figures are respectively 33.0 percent and 23.4 percent greater than in 1984.

The average note issue was 1,045.9 million pesos; in December 1985, the balance [saldo] was 1,154.1 million pesos, with percentage increases of 25.8 percent and 11.8 percent, respectively, in these two values over those of the preceding year.

According to preliminary figures, the commercial bank granted loans totalling 2,233.3 million pesos, with an absolute increase in 1984 of 326.6 million pesos, which reflects the growth of financing channelized to the private sector, with a relative variation of 17.4 percent.

The acquisition of resources by the commercial banks through demand desposits, savings deposits, and time deposits gave a balance of 2,123.4 million pesos on 31 December 1985 while the 12-month average was 1,845.9 million. In relative terms, these figures represent increases of 24.9 percent and 21.6 percent, respectively. The most significant growth was that of demand desposits, which grew 37.2 percnt, growing from 689.8 million pesos in December 1984 to 946.4 million pesos in December 1985.

In 1985, the country had an unfavorable balance of trade. The worsening of the trade deficit was due mainly to uncontrollable factors and to an increase in purchases abroad.

Exports totalled $772.4 million, which was a drop of 11.0 percent or $95.7 million; imports totalled $1,295.3 million, which was an increase of 3 percent or $38.2 million. These totals determined a balance of payments deficit of $522.9 million, greater than in 1984, when the deficit was $389 million.

The balance of international payments had a surplus of $94 million, resulting from income of $1,766.7 millions and payments of $1,672.7 millions. Because of this favorable balance, the gross international reserves of the Central Bank reached $397.1 million in late December 1985 compared with $303.1 million at the end of 1984.

Imports Increase in 1985

FL150325 Santo Domingo LISTIN DIARIO in Spanish 5 Mar 86, pp 1, 13

[By Jose Romero]

[Excerpt] According to Central Bank figures, the Dominican Republic's total imports in 1985 exceeded $1,295.3 million, a 3 percent increase equal to $38.2 million, over 1984 imports. The bank reports that the increase was not greater because of adjustment measures that were taken. Oil and food purchases decreased while other imports increased. Oil imports were $429.4 million (14.9 percent less, which is equal to $75.4 million), compared to $504.7 million in 1984.

BARBADOS

GOVERNMENT REPORTS TRADE DEFICITS WITH CARICOM

FL181758 Bridgetown CANA in English 1737 GMT 18 Mar 86

[Text] Bridgetown, Barbados, March 18, CANA -- Barbados recorded a 20 million dollar (one Bds dollar; 50 cents U.S.) trade deficit with the Caribbean Community (Caricom) up to last October, and a deficit with all its trading partners of 390 million dollars, government statistics show. The figures, released by the Barbados statistical service, put total exports to Caricom for the 10 month period at 133 million dollars, with domestic exports accounting for 57 million. Imports from Caricom were valued at 153 million dollars, an increase of 18.6 per cent over the corresponding period in 1984. There was a 30.5 per cent drop in domestic exports, which amounted to 57 million dollars compared to 82 million the previous year.

Total imports from all sources were valued at 996 million dollars, 9.1 per cent down on 1984. Total exports were put at 606 million. The domestic component was 428 million, a decline of 13.6 per cent.

The major destinations for domestic exports for January to October 1985 were Puerto Rico, which accounted for 200 million dollars, the United States which accounted for 111 million, and Caricom which accounted for 57 million, the statistical service release said. Machinery was the largest single export and import. In the former case, the machinery in question was mostly electronic components which accounted for 274 million dollars. Imported machinery -- the release did not specify what types -- totalled 318 million dollars.

With regard to Caricom trade, the figures showed a 51 percent decline in domestic exports to Trinidad and Tobago, which had a 11.2 per cent rise in exports here. Trinidad is the principal export market for Barbados in the 13-nation Caricom group. Barbadian sales dropped to 26.9 million dollars, from 55.1 million last year. Trinidadian imports rose to 106.1 million dollars, from 95.4 million. Declines in exports were also reported in the cases of Guyana and Jamaica, the other two single major Caricom markets. There was a 6.9 per cent drop in sales to Jamaica which took 6.4 million dollars in goods. In the case of Guyana, the decline was 16.9 per cent.

Imports from Guyana totalled 4.4 million dollars, down from 5.2 million the previous year. Purchases from Jamaica totalled 33.4 million dollars, an increase of 75.7 per cent. Barbados had a 19.5 per cent increase in sales to the Organisation of Eastern Caribbean States (..OECS) comprising St Vincent and the Grenadines, Grenada, Montserrat, St Kitts and Nevis, Antigua, Dominica, and St. Lucia. The seven islands purchased 21.8 million dollars in Barbadian exports, up from 18.2 million. The OECS sold Barbados 8.9 million dollars in products, a decline of almost one per cent on 1984.

DOMINICA

DIPLOMATIC RELATIONS ESTABLISHED WITH PERU

FL181404 Bridgetown CANA in English 0932 GMT 18 Mar 86

[Text] Roseau, Dominica, March 18, CANA -- Dominica and Peru today established diplomatic relations, the Government Information Service (GIS) announced.

A joint communique from the two governments said that the move is to strengthen ties of friendship between Dominica and Peru in conformity with principles relating to the juridical equiality of states, mutual respect for sovereignty, independence, and territorial integrity of states. Dominica and Peru have decided to appoint non-resident ambassadors.

GRENADA

BILL RESTRICTS TRAVEL BY FORMER LEADERS

FL181350 Bonaire Trans World Radio in English 1130 GMT 18 Mar 86

[Text] Grenada's parliament has approved a bill giving authorities the right to keep some people from leaving the island. The bill aims to restrict the movement of several former leaders under Prime Minister Maurice Bishop's government who have made frequent trips to Cuba and other communist countries.

HAITI

EXILED COMMUNIST LEADER THEODORE RETURNS

HK190540 Hong Kong AFP in English 0516 GMT 19 Mar 86

[Text] Port-au-Prince, March 19 (AFP) -- Some 300 Haitian communist officials were murdered by the Caribbean state's 29-year Duvalier family dictatorship, communist leader Rene Theodore said here Tuesday. He told a press conference the day after arriving home after 17 years in exile, mostly in France that Haitians deserved praise for their courage and the Roman Catholic Church for its work of raising people's awareness of national problems, which had all helped to force President-for-life Jean-Claude Duvalier to resign and flee the country six weeks ago. Mr Theodore, who is secretary-general of the United Haitian Communist Party, (PUCH), called for the Duvalier family's immense wealth -- estimated at some 500 million dollars -- to be returned to Haiti. He criticised the recent announcement by French Socialist Party first secretary Lionel Jospin that he would go to Haiti soon to see how he could help its "hesitant democracy." The French party's record of promoting democracy in the neighbouring Dominican Republic, where slave labour conditions for Haitian sugar-cane cutters remained and where U.S. political and economic power was untouched, was not what was wanted in Haiti, Mr Theodore said.

Another leftwing politician, Serge Gilles, of the centre-left Ifopda grouping, which has stong links with the French Socialist Party, returned from exile Tuesday, accompanied by two French socialist M.P.s.

JAMAICA

KINGSTON HOSTS LAW OF THE SEA COMMISSION MEETING

FL181749 Bridgetown CANA in English 1720 GMT 18 Mar 86

[By Paget Defreitas]

[Text] Kingston, Jamaica, March 18, CANA -- The preparatory commission drawing up rules for the administration of the U.N. law of the sea has resumed its work in Kingston with charges by the Soviet Union that major Western nations were maintaining efforts to wreck the convention.

It was reported that the Soviet Union, France, Japan and India had reached an understanding on over-lapping claims for deep seabed exploration as pioneer investors sparked an exchange between Moscow's delegate Igor Klossovsky and West Germany's Claus Duisberg. West Germany, like a few other industrial states led by the U.S. and Britain, have not signed the convention, claiming that it discriminates against private sector exploitation of the polymetallic nodules of the deep seabed. They are also against requirements for the transfer of technology to the enterprise, which is to be the commercial arm of the International Seabed Authority (ISA). Washington, Bonn and London have licensed their companies to explore the international seabed area -- a function which will eventually go to the province of the ISA and in the case of pioneer investors, the preparatory commission. We think it improper for these countries to issue licenses for exploration of the international seabed area, declared Kolosovsky, at last night's opening plenary. Speaking on behalf of Eastern Europe, Kolosovsky branded the action as serving to create an illegal parallel regime while the legitimate regime was still awaiting a decision.

We cannot accept the decision imposed on us, shot back West Germany's Claus Duisberg. Bonn had to take interim measures to protect its interest, Duisberg said, adding that his country felt the mining section of the convention was flawed. He won support from Britain's representative, N.K. Durroch.

To meet the concerns of the western nations that had already undertaken exploration, research and development work on deep seabed mining, drafters of the convention came up with the special regime to cover pioneer investors. It ensured that four states -- France, Japan, India, the Soviet Union -- and four consortia whose members come from a list of eight countries can be registered with the preparatory commission and select and explore, but not mine, an expanse of the seabed until the convention comes into force. However, from the second group of countries the U.S. Britain and West Germany have not signed the convention. Moscow, Paris, Tokyo and Delhi had found to have had over-lapping claims in their site selection, but according to a report preparatory commission chairman, Joseph Warioba, the Tanzanian prime minister, they had finally sorted out their difficulties in Arusha in January. If pursued with determination (it) would yield a solution acceptable to the first group of applicants and the commission without prejudicing the interest of the potential applicant, said Warioba's report read to the plenary. Warioba late last year took over the Tanzanian premiership and is resigning as chairman of the preparatory commission this summer. Deputy chairman, India's Jhigran, is heading the session here.

Kolosovsky urged the conference to speed up registration of the current applicants for pioneer status and urged that early implementation of the convention to frustrate the activities of the western industrial nations. Any further delay will be virtually tantamount to giving assistance to those who want to destroy the preparatory commission and the convention, he said. The preparatory commission started its work in 1983 and is elaborating the rules for the ISA, which will oversee the convention, the enterprise, drafting a mining code for the exploitation of the deep seabed as well as the rules of the tribunal which will arbitrate disputes.

The current economic crisis being faced by the U.N. could put pressure on the commission to speed up its work. Secretary General Javier Perez de Cuellar in a letter to the commission outlined the difficulties on the world body and urged belt tightening. Among his recommendations was less requests for documentation and care in setting meetings. Specifically, he urged that more meetings be held in areas with U.N. headquarters so that staff would need to travel less. This would be a blow to Kingston, earmarked as the headquarters for the ISA and the alternate host for preparatory commission meetings.